

**MINUTES  
IPSWICH CITY COUNCIL MEETING  
IPSWICH CITY HALL  
MONDAY, AUGUST 24, 2015**

The Ipswich City Council met in regular session at 7:00 p.m., Monday, August 24, 2015. Members present were Mayor LeRoy Kilber, Mike Hammrich, Les Braun, Barb Gillick, Mike Steen, Susie Treftz and David Bauer. Also present were Amanda Anglin, Sarah Perrion, Corinne Jameson, Brian Schlosser and 11 community members.

**Call the meeting to order:** Mayor Kilber called the meeting to order at 7:00 p.m. and led the **Pledge of Allegiance**.

**Motions:** All motions were approved unanimously unless otherwise indicated.

**Approval of Minutes of August 10, 2015:** Steen/Treftz to approve the Regular Meeting Minutes of August 10, 2015.

**Building Permits for Council approval:** Hammrich/Bauer to approve the permit for Hutson Construction-new building. Gillick/Steen to approve the permit for Blaine Goetz-new doors, siding and front steps.

**Pre-Approved permits under \$10,000.00:** S&S Rentals-new shingles, siding and doors

**On-Going Business:**

**Welcome Sign:** An updated quote and picture was presented. The sign will be ordered.

**Open bids for Chipsealing:** Two bids were received. L. Braun/Hammrich to award the bid to Jensen Rock & Sand Inc. for 54,000 square yards of chipseal at \$.54 per square yard. L. Braun/Treftz to award the bid to Flint Hills Resources for CRS-2P road oil at \$550.11 per ton.

**Multiple water service lines and sewer hook-ups; Water and Sewer Tap Fees:** The Sewer Committee (L. Braun, Steen & Gillick) recommends a water tap fee of \$150 and a sewer tap fee of \$150. Any material and labor provided by the City would be at an additional cost. An Excavation permit and fee (\$500) will also be required.

**Building Permit Requirements:** More information is needed on building permit application forms, especially for new construction. The excavation permit and tapping fees will be added. A rough draft will be presented at the next meeting.

**Sewer Project Information:** The council discussed how they want to proceed with sewer services to vacant lots and also providing sewer to the old practice football field lots. More information will be obtained from the engineer.

**Public Works Report:**

**Side-by-Side:** Three quotes were presented. Hammrich/Treftz to purchase a 2015 John Deere 625i Gator for \$14,700.00 from RDO Equipment. All voted aye, except Gillick who abstained. Motion carried.

**Report:** Schlosser discussed pot hole repairs, concrete crushing, rubble site clean-up and road, weed spraying, street sweeping, pool closure, sewer taps, Vacmaster repairs, cemetery post damage, lift station pump replacement and Valley Fiber Optic project.

**Office Report:**

**July financial reports: Expenditure & Revenue Guideline, Checking, Savings and Construction Account Reconciliation, Sales Tax & Municipal Tax Comparison, Profit & Loss:** Gillick/Steen to approve the reports.

Bank account balances are: Checking – \$505,698.56; Money Market – \$855,537.11 & Construction - \$100.00.

**Resolution 2015-10 - Contingency Transfers:** Bauer/Steen to approve the resolution.

**CITY OF IPSWICH  
RESOLUTION 2015-10  
TRANSFER OF CONTINGENCY FUNDS TO  
GENERAL FUND DEPARTMENTS**

**WHEREAS**, there are departments within the General Fund which need funding for the year 2015;

**NOW THEREFORE, BE IT RESOLVED**, the City Council of Ipswich, South Dakota transfers \$6,332.00 in contingency funds in the following manner:

**General Fund – 101**

41410 – Legal	\$2,000.00
42100 – Police	\$32.00
42200 – Fire	\$2,300.00
42310 – Protective Inspection Administration (Code Enforcement)	<u>\$2,000.00</u>
	\$6,332.00

Dated this 24<sup>th</sup> Day of August, 2015 for immediate passage:

Signed: LeRoy Kilber, Mayor

Attest: Amanda Anglin, Finance Officer

**Resolution 2015-11 – Setting the number and price of Liquor Licenses:** Hammrich/Treftz to approve the resolution.

**City of Ipswich  
Resolution No. 2015-11**

**WHEREAS**, the City of Ipswich in accordance with SDCL 35-4-11 needs to determine the number of On-Sale liquor licenses and Off-Sale liquor licenses that it will approve for the ensuing calendar year and the renewal fees to be charged for the various classifications of licenses; and

**WHEREAS**, the City of Ipswich currently has four (4) On-Sale liquor licenses and two (2) Off-Sale liquor licenses.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** that the City of Ipswich shall and hereby will approve four (4) On-Sale liquor licenses and two (2) Off-Sale liquor licenses for calendar year 2016.

**BE IT FURTHER RESOLVED** that the City of Ipswich will charge a renewal fee of \$600.00 for each On-Sale liquor license and a renewal fee of \$300.00 for each Off-Sale liquor license.

Dated this 24<sup>th</sup> day of August, 2015.

CITY OF IPSWICH

Mayor:

ATTEST: Finance Officer

(SEAL)

**Resolution 2015-12 – Approving Legal Services Agreement – Sales Tax Revenue Bond:** Steen/Hamrlich to approve the resolution.

**CITY OF IPSWICH  
RESOLUTION 2015-12  
RESOLUTION APPROVING LEGAL SERVICES AGREEMENT**

BE IT RESOLVED by the City of Ipswich that Meierhenry Sargent LLP be retained as bond counsel for the proposed Sales Tax Revenue Bond and that the Mayor and Finance Officer are authorized to negotiate and execute the form of the Legal Services Agreement on file with the City Finance Officer.

Motion by Mike Steen seconded by Mike Hamrlich.

Aye: Susie Treftz, Les Braun, Barb Gillick, Mike Steen, Mike Hamrlich & David Bauer

Nay: None.

Abstained: None.

Mayor

Attest: Finance Office

(SEAL)

**UNITED STATES DEPARTMENT OF AGRICULTURE**

**Farmers Home Administration**

**LEGAL SERVICES AGREEMENT**

This agreement made this 24<sup>th</sup> day of August, 2015 between **THE CITY OF IPSWICH, SOUTH DAKOTA** hereinafter referred to as (the “Municipality”), and **Todd Meierhenry**, attorney at law, of Meierhenry Sargent LLP of 315 S. Phillips Ave., Sioux Falls, South Dakota, hereinafter referred to as “Attorney”:

WHEREAS, the Municipality is intending to obtain a loan from the United States of America;

WHEREAS, the Municipality is intending to issue Sales Tax Revenue Bonds under the provisions of SDCL Chapter 10-52 for the loan with the United States of America under such terms and conditions as are dictated by the Rural Utility Services.

WHEREAS, the Attorney agrees to perform all legal services necessary to give a bond opinion to the United States of America and to perform all other customary legal services necessary to the financing.

WITNESSETH:

That for and in consideration of the mutual covenants and promises between the parties hereto, it is hereby agreed:

**SECTION A - LEGAL SERVICES**

That the Attorney will perform such services as are necessary to accomplish the above recited objectives including, but not limited to, the following:

- examine applicable law; prepare the resolution, indenture or ordinance authorizing and securing the Bonds and other authorizing documents;
- consult with the parties to the transaction prior to the issuance of the Bonds; review certified proceedings;
- undertake such additional duties as are deemed necessary to render the opinion.
- render an opinion that:
- the Issuer is duly created and validly existing as a body corporate and public instrumentality of the State of South Dakota with authority to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds;
- the Bonds are valid and binding special obligations of the Issuer;
- the Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefore in the Resolution;

**SECTION B - COMPENSATION**

The Municipality will pay to the Attorney for professional services rendered in accordance herewith, fees as follows:

- One Percent of the Bond Amount

Said fees to be payable in the following manner and at the following times:

- Upon receiving a completed transcript for the loan. If the loan does not close for any reason, there shall be no fee from Attorney.

### **SECTION C - OTHER PROVISIONS**

None.

Todd Meierhenry

Meierhenry Sargent LLP

**CITY OF IPSWICH, SOUTH DAKOTA**

ATTEST

Mayor

Finance Officer

[SEAL]

**Resolution 2015-13 – Approval to the issuance of Sales Tax Revenue Bonds:** L. Braun/Bauer to approve the resolution.

### **CITY OF IPSWICH RESOLUTION 2015-13**

#### **RESOLUTION, GIVING APPROVAL TO THE ISSUANCE OF SALES TAX REVENUE BONDS TO FINANCE A PORTION OF THE COSTS OF THE STREET IMPROVEMENT PROJECT AND AUTHORIZING THE SALE OF SAID SALES TAX REVENUE BONDS**

NOW, THEREFORE, BE IT RESOLVED by the City Common Council of the City of Ipswich as follows:

1. Recitals. The City of Ipswich (the "City") desires and deems it necessary to make a capital improvement to and finance the Street Improvement Project (the "Project"). The City has requested the United States through Rural Development to guarantee a portion of the bonds. The City desires to privately place the bonds.
2. Authority. The City is authorized to issue its Sales Tax Revenue Bonds, Series 2015, to finance the capital improvements pursuant to Section 10-52-2.10 of the South Dakota Codified Laws. Pursuant to Chapter 10-52 of the South Dakota Codified Laws (the "Act") the City proposes to issue municipal non ad valorem revenue bonds (as herein authorized, the Sales Tax Revenue Bonds, Series 2015, or the "Bonds") to finance the Project. The City is authorized by the Sales Tax Act to levy a "non-ad valorem tax" (as defined by the Act) on the sale, use, storage, and consumption of items taxed under Chapters 10-45 and 10-46 of the South Dakota Laws, subject to certain, as amended, exceptions.
3. Sales Tax Ordinance. The City Common Council has adopted Ordinance Chapter 13-1 which constitutes the City's effective Sales Tax Ordinance (the "Sales Tax Ordinance"). The Sales Tax Ordinance has been duly adopted pursuant to the Act and effectively and validly imposes the sales and use tax authorized by the Act within the City, such tax being hereinafter referred to as the "Sales Tax".
4. Cost of the Project. The cost of the Project is approximately \$986,500. The City proposes to finance approximately \$653,000 of the Project through the issuance of Sales Tax Revenue Bonds, Series 2015 (the "Bonds"). The Bonds shall be payable out of certain available sales tax receipts.
5. Findings. The City Common Council hereby finds and determines as follows:
  - 5.1. The Project constitutes improvements which qualify for the financing under and pursuant to SDCL Chapter 10-52, and the Sales Tax Ordinance; and
  - 5.2. The Sales Tax Revenue Bonds Authorized hereby are being issued to pay costs of the Project which have not been incurred or paid as of the date hereof and/or which the City has heretofore declared its intention to finance with bond proceeds and for which the City has no other available means or source of financing.

- 5.3. It is in the best interests of the City to authorize the borrowing of funds to pay a portion of the costs of the Project by authorizing and issuing its Sales Tax Revenue Bonds, Series 2015.
6. Sale of Bonds. It is hereby determined to be necessary and in the best interests of the City and its inhabitants that this City Common Council authorize, issue and sell the Bonds (the "Bonds") in order to finance a portion of the cost of the Project. The Mayor and Finance Officer are authorized to negotiate the sale of the Bonds.
7. No Election Required. The Bonds may be issued by the City without an election pursuant to SDCL §10-52-2.10.
8. Form of Bonds. The Bonds shall be prepared in substantially the form on file with the Finance Officer and open to public inspection.
9. Terms of Bonds.
- 9.1. Date, Amount, Maturities and Interest Rates. The City Common Council hereby authorizes the issuance of the Bonds. The Bonds shall be dated in 2015. The principal amount of the Bonds shall not exceed any statutory or constitutional debt limitation. The Bonds shall have maturities and interest rates as negotiated by the Mayor and Finance Officer. The Bonds shall be callable prior to maturity at the option of the City.
- 9.2. Preparation and Delivery. The Bonds shall be prepared under the direction of the Finance Officer and shall be executed on behalf of the City by the facsimile or manual signatures of the Mayor and the Finance Officer and countersigned by the facsimile or manual signature of an attorney actually residing in the State of South Dakota and duly licensed to practice therein.
- 9.3. Security Provisions; Funds and Accounts and Other Covenants and Determinations.
- 9.3.1. Sales Tax Revenue Bond Fund. The Finance Officer is hereby authorized and directed to establish and shall maintain the Sales Tax Revenue Bond Fund as a separate and special fund in the financial records of the City until all Bonds issued and made payable therefrom, and interest due thereon, have been duly paid or discharged. All collections of the Pledged Revenues, as hereinafter defined, shall be credited, as received, to the Sales Tax Revenue Bond Fund. Within the Sales Tax Revenue Bond Fund are various separate accounts to be maintained by the City. The following accounts may be established as sub accounts under an existing sub account of the Sales Tax Revenue Fund.
- 9.3.2. Pledged Revenues. Pursuant to the Act and the Sales Tax Ordinance, the City has levied the Sales Tax on the sale, use, storage and consumption of items taxes under Section 10-45 and 10-46 of South Dakota Codified Laws, subject to certain exception. The proceeds of the Sales Tax are irrevocably pledged and appropriated to, and shall be deposited to the Sales Tax Revenue Bond Fund. The total amount of Sales Taxes collected is referred to herein as the "Pledged Revenues". For purposes of this Resolution, "Outstanding Bonds" shall mean these Bonds and any parity lien bonds hereafter issued pursuant to this Resolution. The Pledged Revenues and the Sales Tax Revenue Bond Fund shall be used and applied only in the manner and order hereinafter set forth.
- 9.3.3. Construction Account. There is hereby created and established as an account of the Sales Tax Revenue Bond Fund, a "Construction Account". There shall be credited to the Construction Account the proceeds from the sale of the Bonds remaining after payment of the expenses of issuing the Bonds. All moneys credited to the Construction Account shall be applied solely to the payment of the costs of the Project. For the purposes of this Resolution, "costs of the Project" shall include costs of acquiring, construction, and installing the Project including cost of labor, services, materials and supplies, financial, architectural, engineering, legal, accounting and other professional expenses relating to

the Project, the costs of acquisition or properties, rights, easements, or other interest in properties, insurance premiums, and the costs of publishing, posting or mailing notices in connection with the Project and Bond issuance costs. All sums derived from the investment of moneys in the Construction Account shall remain in and become part of such account. Upon completion of the Project and when all costs of the Project have been paid, any balance remaining in the Construction Account shall be credited to the Principal and Interest Account hereinafter established.

- 9.4. Principal and interest Account. There is hereby created and established as an account of the Sales Tax Revenue Bond Fund, a "Principal and Interest Account or Revenue Account". Immediately upon delivery of the Bonds, there shall be credited to the Principal and Interest Account the amount of any accrued interest received from the Purchaser. Commencing on the first day of the month following the month in which the Bonds are delivered to the Purchaser, there shall be withdrawn from the Sales Tax Revenue Bond Fund, at least monthly and credited to the Principal and Interest Account an amount which will equal at least (one over the number of months between interest payments) of the interest becoming due on the next succeeding interest payment date with respect to the Outstanding Bonds issued. Commencing on the first day of the month following the month in which the Bonds are delivered to the Purchaser, there shall be withdrawn from the Sales Tax Revenue Bond Fund at least monthly and credited to the Principal and Interest Account, an amount which will equal at least (one over the number of months between principal payments) of the principal becoming due on the next succeeding principal payment date with respect to the Outstanding Bonds. In all events there shall be credited to the Principal and Interest Account amounts sufficient to pay the principal of and interest on the Outstanding Bonds as the same become due.
- 9.5. Reserve Account. On a monthly basis, the City shall pay into the Reserve Account an amount equal to 10% of the maximum debt service due in any future calendar year on, the Bonds. Said balance shall be maintained by such additional credits to the Reserve Account as may be necessary. Moneys on hand in the Reserve Account shall be used only to pay maturing principal and interest when other moneys in the Revenue Bond Account are insufficient therefor.
- 9.6. Subordinate Lien Bonds. After making the above required payments, any remaining Pledged Revenues shall be used for the payment of the principal of and interest on any additional sales tax revenue bonds having a lien which is subordinate to the lien of the Outstanding Bonds, and for a reserve fund as additional security for the payment of such subordinate lien bonds.
- 9.7. Inter-fund Transfer. So long as the revenues from the Sales Tax are sufficient to make all required deposits to the Principal and Interest Account, the City may deposit the excess revenues from the Sales Tax to the general fund or any other City fund as determined by the City and as permitted by law or by other resolutions of the City
- 9.8. Covenants of the City. The City hereby irrevocably covenants and agrees with each and every holder of the Bonds that so long as any of the Bonds remain outstanding:
  - 9.8.1. It will not amend or repeal the Sales Tax Ordinance relating to the Sales Tax by decreasing the Sales Tax rate or the allocation of revenues thereof to the Sales Tax Revenue Bond Fund, or in any way that would adversely affect the amount of Sales Tax revenues which would otherwise be collected and deposited to the Sales Tax Revenue Bond Fund. However, nothing shall prevent the City from amending the Sales Tax Ordinance in order to make certain changes in the administration, collection or enforcement of the Sales Tax, provided that such changes would not materially adversely affect the owners of the Bonds.

- 9.8.2. It will administer, enforce, and collect, or cause to be administered, enforced or collected, the Sales Tax authorized by the Sales Tax Ordinance and shall take such necessary action to collect delinquent payments in accordance with law.
  - 9.8.3. It will keep or cause to be kept such books and records showing the proceeds of the Sales Tax, in which complete entries shall be made in accordance with standard principles of accounting, and any owner of any Bond shall have the right at all reasonable times to inspect the records and accounts relating to the collection and receipts of such Sales Tax.
  - 9.8.4. In the event the Sales Tax of the City is replaced and superseded by the state collected-locally shared sales tax or taxes, or is replaced and superseded in some other manner from other source or sources, the revenues derived by the City from the replacement source or sources, as received by the City shall be appropriated in the same manner as if the City had levied and imposed a sales tax. From and after the date of a replacement, the Outstanding Bonds shall have a first and prior lien, but not necessarily an exclusive lien, upon such replacement revenues to the extent therein specified.
- 9.9. Certification of Proceedings. The officers of the City are authorized and directed to prepare and furnish to the purchasers of the Bonds certified copies of all proceedings and records of the City relating to the authorization and issuance of the Bonds and such other affidavits and certificates as may reasonably be required to show the facts relating to the legality and marketability of the Bonds as such facts appear from the officer's books and records or are otherwise known to them. All such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the City as to the correctness of the facts recited therein and the action stated therein to have been taken.
- 9.10. Resolution Becomes Effective Upon Passage. This Resolution shall become effective upon passage.

ATTEST:

Mayor

Finance Officer

Adopted: August 24, 2015

Published: September 2, 2015

Effective Date: September 22, 2015

The motion for adoption of the foregoing resolution was duly seconded by Alderman Bauer, and upon vote being taken thereof, the following voted YEA: Susie Treftz, Barb Gillick, Les Braun, Mike Steen, Mike Hammrich, Dave Bauer and the following voted NAY: None.

Whereupon said resolution was declared duly passed and adopted.

ATTEST:

Mayor

Finance Officer

STATE OF SOUTH DAKOTA

)

:SS

COUNTY OF EDMUNDS )

I, the undersigned, being the duly qualified and acting Finance Officer of the City of Ipswich, Edmunds County, South Dakota, do hereby certify that the attached and foregoing is a full, true and complete transcript of the Minutes of a meeting of the City Common Council held on the 24<sup>TH</sup> day of August, 2015, insofar as the original meeting relates to proceedings for the Resolution Authorizing the Sale of Said Sales Tax Bonds.

WITNESS my hand and official seal of this said City this 24<sup>th</sup> day of August, 2015.

Finance Officer

City of Ipswich, South Dakota

**Resolution 2015-14 – Approving Legal Services Agreement – Sewer Project Revenue Bond:** Gillick/Steen to approve the resolution.

**CITY OF IPSWICH  
RESOLUTION 2015-14  
RESOLUTION APPROVING LEGAL SERVICES AGREEMENT**

BE IT RESOLVED by the City of Ipswich that Meierhenry Sargent LLP be retained as bond counsel for the proposed Sewer Project Revenue Bond and that the Mayor and Finance Officer are authorized to negotiate and execute the form of the Legal Services Agreement on file with the City Finance Officer.

Motion by Barb Gillick seconded by Mike Steen.

Aye: Susie Treftz, Les Braun, Barb Gillick, Mike Steen, Mike Hammrich & David Bauer

Nay: None.

Abstained: None.

Mayor

Attest:

Finance Officer

(SEAL)

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***FORM OF LEGAL SERVICES AGREEMENT***

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**UNITED STATES DEPARTMENT OF AGRICULTURE  
FARMERS HOME ADMINISTRATION  
LEGAL SERVICES AGREEMENT**

This agreement made this 24<sup>th</sup> day of August, 2015 between **THE CITY OF IPSWICH, SOUTH DAKOTA** hereinafter referred to as (the “Municipality”), and **Todd Meierhenry**, attorney at law, of Meierhenry Sargent LLP of 315 S. Phillips Ave., Sioux Falls, South Dakota, hereinafter referred to as “Attorney”:

WHEREAS, the Municipality is intending to obtain a loan from the United States of America;

WHEREAS, the Municipality is intending to issue Sewer Project Revenue Bond under the provisions of SDCL 9-40-15 for the loan with the United States of America under such terms and conditions as are dictated by the Rural Utility Services.

WHEREAS, the Attorney agrees to perform all legal services necessary to give a bond opinion to the United States of America and to perform all other customary legal services necessary to the financing.

WITNESSETH:

That for and in consideration of the mutual covenants and promises between the parties hereto, it is hereby agreed:

**SECTION A - LEGAL SERVICES**

That the Attorney will perform such services as are necessary to accomplish the above recited objectives including, but not limited to, the following:

- examine applicable law; prepare the resolution, indenture or Resolution authorizing and securing the Bond and other authorizing documents;
- consult with the parties to the transaction prior to the issuance of the Bond; review certified proceedings;
- undertake such additional duties as are deemed necessary to render the opinion.
- render an opinion that:
- the Issuer is duly created and validly existing as a body corporate and public instrumentality of the State of South Dakota with authority to adopt the Resolution, perform the agreements on its part contained therein and issue the Bond;
- the Bond are valid and binding special obligations of the Issuer;

- the Bond have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefore in the Resolution;

## **SECTION B - COMPENSATION**

The Municipality will pay to the Attorney for professional services rendered in accordance herewith, fees as follows:

- One Percent of the Bond Amount

Said fees to be payable in the following manner and at the following times:

- Upon receiving a completed transcript for the loan. If the loan does not close for any reason, there shall be no fee from Attorney.

## **SECTION C - OTHER PROVISIONS**

None.

Todd Meierhenry

**MEIERHENRY SARGENT LLP**

**CITY OF IPSWICH, SOUTH DAKOTA**

ATTEST

Mayor

Finance Officer

[SEAL]

## **Resolution 2015-15 – Authorizing the Issuance, Sale and Delivery of Sewer Project Revenue Bonds:**

Hammrich/Gillick to approve the resolution.

### **CITY OF IPSWICH RESOLUTION NO 2015-15**

**A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$3,650,000 SEWER PROJECT REVENUE BONDS OF THE CITY OF IPSWICH; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; PROVIDING FOR A SPECIAL CHARGE OR SURCHARGE FOR THE PURPOSE OF PAYING PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.**

BE IT RESOLVED by the City Common Council of the City of Ipswich, South Dakota (the "City"), as follows:

#### **SECTION 1. Bond Purpose and Authorization.**

1.01. The City currently operates a municipal sewer utility under SDCL 9-40 (the "Utility"), consisting of a system or part of a system, for the collection, treatment, and disposal of sewage and other domestic, commercial, and industrial wastes. The City determines it necessary and expedient to issue Sewer Project Revenue Bond (the "Bond") for the purpose of defraying the cost of the improvements and hereby declares the necessity therefore.

1.02. The City is authorized to borrow money and issue its revenue bonds under SDCL Chapter 9-40 and 6-8B (the "Act"), in order to defray the cost of acquiring and constructing improvements to the Utility, consisting of the improvements generally described on Exhibit A hereto (the "Improvements"). The City is authorized to acquire the Improvements, to issue its Bond, in order to defray the cost thereof, and to make all pledges, covenants and agreements authorized by law for the protection of the owners of the Bond, including, without limitation, those covenants set forth in Sections 9-40-15 through 9-40-17 of the Act. The bonds are payable solely from the revenue or income derived from the operation of the improvements and shall not constitute an indebtedness of the City within the meaning of South Dakota constitution Article 13 § 4 or any statutory provisions or limitations.

#### **SECTION 2. Terms of the Bond.**

2.01. The Bond shall be issued in an aggregate principal amount not exceeding \$3,650,000 and shall be sold to the United States of America. The Bond will bear interest at a rate or rates per annum resulting in an interest rate not greater than 2.75% per annum and will mature over a period not to exceed forty (40) years. The Bond shall be issued in one series. The Mayor and Finance Officer are hereby authorized and directed to agree with

the United States of America upon the exact purchase price, principal amount, maturities, interest rate or rates, payment dates and redemption provisions for the Bond, within the parameters set forth in this Section.

### **SECTION 3. Execution, Authentication, Delivery and Form of the Bond.**

3.01. The Bond shall be prepared under the direction of the Finance Officer and shall be executed on behalf of the City by the signatures of the Mayor and the Finance Officer, and countersigned by an attorney actually residing in the State of South Dakota and duly licensed to practice therein, and shall be sealed with the official corporate seal of the City; provided that all signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Bond shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. The City hereby appoints the Finance Officer of the City as bond registrar, transfer agent and paying agent (the "Registrar") for the Bond.

### **SECTION 4. Creation of Accounts, Appropriation, Pledge and Segregation of Revenues**

4.01. Project Account. An account to be designated as the 2015 Sewer Project Revenue Bond Account (the "Debt Service Account") is established and shall be maintained as a separate and special mandatory asset segregation bookkeeping account on the official books of the City until the Bond and any additional bonds (together referred to as the "Bond") payable from the net income from the Project Revenues, as provided in Sections 4.03 through 4.07 hereof and interest and redemption premiums due thereon have been fully paid, or the City's obligation with reference to the Bond has been discharged.

4.02. Project Revenue Segregation and Pledge. Net income derived from the Improvements shall be the excess of revenues or income remaining from time to time after first paying all reasonable and current expenses of maintenance, repairs, replacements, and operation including the interest on any general obligation bonds authorized to construct or acquire or improve such original Utility and including the necessary debt service funds required to be provided for the retirement of said bond issues, and including the interest and debt service funds required annually to be paid or set aside on any refunding bonds issued to refund such general bonds issued for the original construction or acquisition or improvement of said Utility, so extended, added to, or improved (hereafter "Project Revenues"). All Project Revenues shall be segregated and subdivided into separate accounts as designated and described in Sections 4.03 to 4.07 and are irrevocably pledged and appropriated for the payment of principal of and interest on the Bond. As described in Section 5.05 hereof, the City shall impose a separate surcharge for the availability, benefit and use of the improvements and shall aggregate the revenues derived from such surcharge for the Improvements, together with the expenses of the operation and maintenance of the Improvements and shall account for them as provided in SDCL Chapter 9-40 and Section XI of the South Dakota Department of Legislative Audit Municipal Accounting Manual.

4.03. Construction Account. An account to be designated as the 2015 Sewer Project Revenue Bond Construction Account ("Construction Account") is established. The Construction Account shall be used only to pay as incurred and allowed costs which under generally accepted accounting principles are capital costs of the Improvements, and of such future acquisitions, reconstructions, improvements, betterments or extensions of the Utility as may be authorized in accordance with law; including but not limited to payments due for work and materials performed and delivered under construction contracts, architectural, engineering, inspection, supervision, fiscal and legal expenses, the cost of lands, easements and utility rights, interest accruing on Bond during the first year following the date of their delivery, if and to the extent that the Debt Service Account is not sufficient for payment of such interest, reimbursement of advances made from other City funds, and all other expenses incurred in connection with the construction and financing of any such undertaking. To the Construction Account shall be credited as received all proceeds of Bond, except amounts appropriated to the Debt Service Account under Section 4.04 and any amount to be deposited to the Reserve Account under Section 4.05, all other funds appropriated by the City for the improvement of the Utility, and all income received from the claim with respect to the Utility received pursuant to Section 5.03 hereof shall be deposited in the Construction Account and applied to repair, replacement and restoration of the Utility; any proceeds in excess of the amount necessary for that purpose shall be transferred to the Debt Service Account. No amount shall be expended from the construction account unless contracts have been entered into and completion bonds furnished in an amount sufficient to ensure completion of the Improvements at a cost not exceeding the amount then on hand for such purpose.

4.04. Current Debt Service Account. An account to be designated as the 2015 Sewer Project Revenue Bond Current Debt Service Account (“Debt Service Account”) is established. Upon each monthly apportionment, there shall be set aside and credited to the Debt Service Account out of the Project Revenues an amount equal to not less than one-twelfth of the total sum of the principal and interest to become due within the then next succeeding twelve months on all Bond. Moneys from time to time held in the Debt Service Account shall be disbursed only to meet payments of principal and interest on Bond as such payments become due; provided, that on any date when all outstanding Bond are due or prepayable by their terms, if the amount then on hand in the Debt Service Account, together with the balance then on hand in the Reserve Account, is sufficient, with other moneys available for the purpose, to pay all Bond and the interest accrued thereon in full, it may be used for that purpose. If any payment of principal or interest becomes due when moneys in the Debt Service Account are temporarily insufficient therefor, such payment shall be advanced out of any Project Revenues theretofore segregated and then on hand in the Reserve Account, the Replacement and Depreciation Account or the Surplus Account. In the event that sufficient moneys are not available from the aforementioned sources, the City, to the extent it may at the time legally do so, may, but shall not be required to, temporarily advance moneys to the Debt Service Account from other funds of the City on hand and legally available for the purpose, but any such advance shall be repaid from Net Revenues of the Utility within 24 months.

4.05. Reserve Account. An account to be designated as the 2015 Sewer Project Revenue Bond Future Debt Service Reserve Account (“Reserve Account”) is established. On a monthly basis, the City shall pay into the Reserve Account an amount equal to 10% of the maximum debt service due in any future calendar year on, the Bond. Said balance shall be maintained by such additional credits to the Reserve Account as may be necessary. Moneys on hand in the Reserve Account shall be used only to pay maturing principal and interest when other moneys in the Debt Service Account are insufficient therefor.

4.06. Replacement and Depreciation Account. An account to be designated as the 2015 Sewer Project Revenue Bond Contingency (Renewal and Replacement) Account (“Replacement and Depreciation Account”) is established. There shall next be set aside and credited, upon each monthly apportionment, to the Replacement and Depreciation Account such portion of the Project Revenues, in excess of the current requirements of the Debt Service Account and the Reserve Account (which portion of the Project Revenues is referred to herein as “Surplus Project Revenues”), as the City Common Council shall determine to be required for the accumulation of a reasonable reserve for renewal of worn out, obsolete or damaged properties and equipment of the Utility, which reserve shall be accumulated and maintained. Moneys in this account shall be used only for the purposes above stated or, if so directed by the City Common Council, to redeem Bond which are prepayable according to their terms, to pay principal or interest when due thereon as required in Section 4.04 hereof, or to pay the cost of improvements to the Utility; provided, that in the event that the City shall hereafter issue bonds for the purpose of financing the construction and installation of additional improvements or additions to the Utility, but which additional bonds cannot, upon the terms and conditions provided herein, be payable from the Debt Service Account. Surplus Project Revenues from time to time received may be segregated and paid into one or more separate and additional accounts from the payment of such bonds and interest thereon, in advance of payments required to be made into the Replacement and Depreciation Account.

4.07. Surplus Account. An account to be designated as the 2015 Sewer Project Revenue Bond Surplus Account (“Surplus Account”) is established. Any amount of the Surplus Net Revenues from time to time remaining after the above required applications thereof shall be credited to the Surplus Account, and the moneys from time to time in that account, when not required to restore a current deficiency in the Debt Service Account as provided in Section 4.04 hereof, may be used for any of the following purposes and not otherwise:

To redeem and prepay Bond when and as such Bond becomes prepayable according to their terms;

To purchase Bond on the open market, whether or not the Bond so purchased or other such Bond may then be prepayable according to their terms; and, if the Reserve Account is then funded to the full amount required to be maintained therein, and the balances in the Debt Service Account and the Replacement and Depreciation Account are sufficient to meet all payments required or reasonably anticipated to be made therefrom prior to the end of the current fiscal year, then;

To pay for repairs of or for the construction and installation of improvements or additions to the Utility; and, if the Reserve Account is then funded to the full amount required to be maintained therein, and the balances in the Debt Service Account and the Replacement and Depreciation Account are sufficient to meet all payments required or reasonably anticipated to be made therefrom prior to the end of the then current fiscal year, then:

To be held as a reserve for redemption and prepayment of the Bond which are not then but will later be prepayable according to their terms; or

To be used for any other authorized municipal purpose designated by the City Common Council.

No moneys shall at any time be transferred from the Surplus Account or any other account of the Fund to any other fund of the City, nor shall such moneys at any time be loaned to other municipal funds or invested in warrants, special improvements bonds or other obligations payable from other funds, except as provided in this Section 4.07.

4.08. Accounting. The City shall follow the municipal accounting requirements of the South Dakota Legislative Audit. The above named accounts may be designated in accordance with South Dakota municipal accounting standards.

4.09. Deposit and Investment of Funds. The City Finance Officer shall cause all moneys to be deposited as provided in South Dakota Law.

### **SECTION 5. Covenants, Remedies and Rates.**

5.01. General. The City covenants and agrees that until the Bond is fully discharged as provided in this Resolution, it will continue to hold, maintain and operate the Utility as a public utility and convenience, free from all liens thereon or on the income therefrom other than the liens herein granted or provided for, will observe prudent utility practices, and will maintain, expend and account for the Fund and the several accounts therein as provided in Section 4. The City will cause the Improvement to be constructed in accordance with plans and specifications hereto prepared and will not enter into contracts in excess of the amount provided.

5.02. Competing Service. The City will not establish or authorize the establishment of any other system for the public supply of service or services in competition with any or all of the services supplied by the facilities of the Utility.

5.03. Billings. The charges for sewer utility services will be billed at least monthly, and if the bill is not paid within sixty days of the date of billing, or if the customer fails to comply with all rules and regulations established for the Utility within sixty days after notice of violation thereof (which notice shall be given promptly upon discovery of any such violation), the service to the premises involved shall be discontinued and shall not be resumed until payment of all past-due bills for Sewer Utility service and compliance with all such rules and regulations. The City may reduce the number of days before the service will be disconnected from sixty to any lesser number of days by Resolution or resolution. The City shall take all appropriate legal action to collect the unpaid charges. The City shall follow the procedures, if any, set by South Dakota Codified Laws for disconnection of service during the winter months.

5.04. Remedies. The holder of the Bond shall have such remedies as are set forth in SDCL 9-40.

5.05. Rates and Charges. There shall be charged a monthly surcharge for the services provided by the improvement financed by the Bond. The surcharge shall be segregated from other revenues of the utility and shall be used for the payment of principal of and interest on the Bond. Provided that such surcharge shall create net income, remaining from time to time after first paying all reasonable and current expenses of maintenance, repairs, replacements and operation, sufficient to fund interest, reserve and debt service fund annual requirements. The rate herein specific will be collected as a surcharge for the Improvement. This surcharge shall remain in effect until such time as the Bond are paid in full or discharged. The initial surcharge shall be set by resolution. All users, current and future, shall be charged the surcharge for it has been found that all users benefit from the improvement. The surcharge is found to be equitable for the services provided by the Improvement. The amount of the surcharge shall be reviewed not less than annually and shall be modified in order to provide such funds as are set forth herein. All modifications may be made by Resolution. No resolutions setting the surcharge shall be subject to referendum for they are necessary for the support of government.

5.06. Statutory Lien. There shall pursuant to SDCL 9-40-25 be a statutory mortgage lien upon the Improvements in favor of and for the equal benefit of the lawful holders of the bonds issued pursuant to SDCL 9-40, except no such lien shall attach to or become a charge upon or against any property or Utility or any part thereof previously owned by the City. Until all bonds are fully paid with interest, the City shall not sell or otherwise dispose of the Utility and shall not establish, authorize or grant a franchise for the operation of any other Utility in competition with the City. The statutory lien shall continue until the bonds are paid in full.

5.07. Additional Bond. As permitted by SDCL 9-40-8 and SDCL 9-40-9, additional Bond payable from revenues and income of the system may be issued, and no provision of this Resolution shall have the effect of restricting the

issuance of, or impairing the lien of, such additional parity bonds with respect to the net revenues or income from the extensions, additions or improvements. The City shall have the right to issue additional bonds secured by a lien subordinate to the lien from the Bond.

5.08. Optional Redemption. The bonds are subject to optional redemption on any date at par plus accrued interest to date of redemption.

The above and foregoing Resolution was read by Mayor LeRoy Kilber and was moved for adoption by Mike Hammrich seconded by Barb Gillick and upon the vote, Susie Treftz, Les Braun, Barb Gillick, Mike Steen, Mike Hammrich and David Bauer voted aye and no persons voted nay, whereupon the Mayor declared the Resolution to be duly passed and adopted.

Mayor

Finance Officer

Adopted: August 24, 2015

Published: September 2, 2015

Effective Date: September 22, 2015

**Rural Development Loans - Closing Information:** Rural Development is processing the loan documents for closing on the 11<sup>th</sup> Street/2<sup>nd</sup> Avenue Street Projects and the Sewer Project. Closing will take place in October. Once the closing documents are signed, repayment on the loans will begin. Treftz/Bauer to close on both loans at the same time.

**Sewer Rates - Resolution 2015-16 (Rural Development Surcharge):** Treftz/Bauer to approve the resolution with the surcharge effective with the Utility Bills due on November 1, 2015.

### **CITY OF IPSWICH RESOLUTION 2015-16**

A RESOLUTION PROVIDING FOR A SURCHARGE FOR IMPROVEMENTS TO SEWER SYSTEM, FOR PAYMENT OF A REVENUE BOND AND YEARLY REVIEW OF THE SURCHARGE

1. **Surcharge for Bond Issue**. There shall be charged a monthly surcharge for the services provided by the improvement financed by the Rural Development Loan. The surcharge for the loan shall be segregated from other revenues of the city and shall be used for the payment of the Sewer Project Revenue Bond, Series 2015 (the "Bond"). Provided that such surcharge shall create net income, remaining from time to time after first paying all reasonable and current expenses of maintenance, repairs, replacements and operation, sufficient to fund interest, reserve and debt service fund annual requirements.
2. **Rates and collection**. The City does hereby establish the special charge or surcharge payable by each customer of its system who receives or benefits from the services of the project financed with the Borrower Bond. Such charge or surcharge shall be set at a level which, assuming a 10% delinquency rate, will produce income at the times and in amounts sufficient to pay when due the principal of and interest on the Bond and the and all other payments as may be required under the loan and Bond. The collection of the Surcharge will start on a date prior to the first payment date that will allow the City to collect funds sufficient to pay the accrued interest on the Initial Loan Amortization Date. The City Council shall determine said date with consultation with City personal.
3. **Borrower Bonds**. The following initial surcharge shall be applicable to all customers served until adjusted under paragraph 5:
  - Sewer Project Revenue Bond, Series 2015: \$32.00 per user.
  - The surcharge shall remain in effect until such time as the Bond is paid in full. The surcharge shall be collected at the same time as other charges of the system. The surcharge is found to be equitable for the services provided by the improvements.
4. **Segregation**. The debt service surcharge shall be segregated from other income of the system in a separate book keeping account and is pledged to the United States acting through Rural Development for the payment of the loan payments on the Bond.
5. **Yearly review**. The amount of the surcharge shall be reviewed from year to year and may be modified in order to provide such funds as are set forth herein. The charges shall be reviewed yearly by the City Council

and administratively adjusted, upwards or downwards, to such amounts as may be necessary to pay principal, interest, administrative surcharge and other charges as may become due and owing under the loan or Bond.

6. **Billing and Accounting.** The surcharge shall be included in the monthly user bill. Nothing contained herein requires the surcharge be indicated on the billing, however, the surcharge segregation shall be indicated on the books of the City.
7. **Automatic Repeal.** The surcharge for the Bond shall be automatically repealed when the Borrower Bond is paid in full.
8. **Partial Invalidity.** If any one or more of the provisions of this Resolution shall be held invalid, illegal, or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof.

**Recognize rosters for Volunteer Fire Fighters:** Hammrich/L. Braun to recognize the rosters for Ipswich Volunteer Fire Fighters.

**SDML Annual Conference:** The South Dakota Municipal League Conference will be held October 6-9, 2015 in Watertown, SD.

**2016 Budget Planning:** The proposed budget was reviewed. A special planning meeting is set for Monday, August 31, 2015 at 7:00 p.m.

**Bills for approval:**

**Helms & Associates Bill:** Steen/Hammrich to pay design fees for the Sewer Project for \$18,877.60. This amount will be reimbursable through the Rural Development funding.

**Monthly Bills:** Gillick/Bauer to pay the following bills. All voted aye, except L. Braun who voted nay. Motion carried. A & B Business Solutions, Inc.-\$105.15/office supplies; Amazon-\$23.59/books; Colton Weeldreyer-\$225.00/reimburse for lifeguard training; Dahme Construction Co. Inc.-\$6,820.00/extend sewer near FEM; Dakota Insurance Solutions LLC-\$341.00/insurance premium for 2001 dump truck; Heier's Body Shop-\$120.00/rock chip repair 2000 Ambulance; Kelly Heinz-\$200.00/reimburse for lifeguard training; Kinetic Leasing-\$20,879.56/2014 CAT Payloader payment; Kristopher & Nicole Glenn-\$100.00/water deposit refund; Newman Traffic Signs-\$66.54/street sign; Office Max Incorporated-\$14.55/pool supplies; SD Department of Health-\$150.00/Controlled substance registration for Ambulance; Department of Revenue-\$104.00/water/wastewater testing; SD Municipal League-\$25.00/Election School Registration Fee (Anglin); Sewer Duck-\$162.50/televise cold storage building sewer line; Share Corporation-\$103.15/drain cleaner; Simon Electric & Plumbing-\$43.20/sewer pipe; Tanner Moore-\$200.00/reimburse for lifeguard training; USA Blue Book-\$1,279.41/sewer pump & supplies

**Pre-Approved Bills Since Last Meeting:** August 17, 2015 Payroll: Administration - \$2,902.42; Streets - \$1,979.00; Sanitation -\$590.72; Ambulance-\$111.15; Pool-\$4,184.51; Parks-\$1,096.50; Water-\$983.06; Sewer-\$1,371.08; Ipswich State Bank-\$3,241.30/payroll taxes/direct deposit fees; SD Retirement System-\$1,901.88

**Executive Session – Personnel - pursuant to SDCL 1-25-2 (2):** At 9:10 p.m., Steen/Hammrich to go into executive session for personnel. At 9:52 p.m., executive session ended.

Steen/Treftz to accept the resignation of Meredith Humphrey, effective August 15, 2015.

**Adjournment:** At 9:53 p.m., Hammrich/Bauer to adjourn the meeting.

Amanda Anglin, Finance Officer  
City of Ipswich  
Publish 9-2