

August 19, 2013

The Groton City Council met on the above date at 7:00pm at City Hall for their regular second monthly meeting with the following members present: Brotherton, Muilenburg, Flihs, Opp, Heitmann, and President Hanlon presiding. Also present were Finance Officer Lowary, Chris Khali, Attorney Johnson and the press.

President Hanlon called for a moment of silence in memory of Mayor Roy Olson who died August 11. Lowary read condolences from other communities.

To fill the vacancy of the mayor, Muilenburg nominated Hanlon and Opp seconded the nomination. Hanlon was unanimously elected as mayor. Finance Officer Lowary gave Hanlon the oath of office.

The vacancy for Councilman Ward 2 was created by the election of Hanlon as Mayor. Muilenburg nominated Chris Khali. Opp nominated David McGannon. Moved by Opp and seconded by Muilenburg to have nominations cease. A secret ballot was cast with David McGannon winning 4 to 2.

The minutes were approved as read on a motion by Brotherton and seconded by Opp. All members present voted aye.

Moved by Heitmann and seconded by Opp to authorize the following bills for payment. All members present voted aye.

First State Bank	10,395.96	ss & wh
Consolidated Fed Cr Union	1,150.00	emp savings
AFLAC	683.67	emp ins
Belden, Irene	78.39	bill coll
Buhls	28.00	rug rent
BNSF RR	398.61	rent
Car Quest	44.02	filters, oil
Dakota Fence	1,433.00	tables
Dakota Fluid Power	4,292.79	repairs
Dakota Pump & Control	1,847.76	inspections, repairs
Dearborn Natl Life Ins	83.50	life ins
Ecolab	91.50	pest control
Kyler Ell	225.00	lifeguard training
Fordham Signs	490.00	signs
Guardian Ins	274.57	emp ins
Hansmeier & Son	160.00	grass
Hawkins, Kylie	225.00	lifeguard training
Heartland Cons Power District	48,245.65	power
Irby	429.22	light arm, gloves
Jamie Jorgensen	120.91	mileage
Tricia Keith	225.00	WSI training
Ken's Food Fair	2,241.01	gas, supplies
Kalen Kjellson	346.91	mileage
Krueger Brothers	8,957.06	gravel, sand, rock
Larson, Bonnie	300.00	HWH sales inc
Lowary, Anita	16.71	candy
New Tec Inc	300.00	class reg
NWPS	3,337.77	power delivery
Olde Bank Floral N More	125.00	flowers
Patios Plus	229.59	sidewalk repair
RDO - John Deere Cr	165.96	blades
Schwan Electric	85.50	testing
SD Supplement Retirement	1,700.00	emp retire
Specialty Mfg	57.80	tubing, metal
Erin Sternhagen	100.00	lifeguard training
USA Blue Book	178.08	hydrant hose valve
Wellmark Blue Cross/Blue Shield	10,754.16	health ins

Western Area Power Adm	25,194.59	power
Zoll Medical	54.82	electrodes

Department reports were given. Chief Mayou will determine where the new elementary school crosswalk will now be located.

The insurance inspection report was discussed and responses drafted.

Moved by Opp and seconded by Brotherton to surplus the 1993 Ford Ranger pickup for a value of \$200. All members present voted aye.

Moved by Opp and seconded by Flihs to pass the following bond resolution. All members present voted aye.

RESOLUTION NO. 2013-0819

A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF CITY OF GROTON, SOUTH DAKOTA, SPECIAL ASSESSMENT BONDS, SERIES 2013, IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$240,000; FIXING THE FORM AND SPECIFICATIONS OF THE BONDS; RATIFYING AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN RELATED INSTRUMENTS.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GROTON, BROWN COUNTY, SOUTH DAKOTA:

Section 1. Ratification of Prior Actions and Declaration of Necessity. All actions heretofore taken (not inconsistent with the provisions of this Resolution) by the Council and by the officers of the City directed toward the issuance of the bonds are hereby ratified, approved and confirmed. The City hereby declares a necessity to issue Special Assessment Bonds, Series 2013.

Section 2. Issuance of Special Assessment Bonds. To provide funds to pay the costs of the improvements, the City shall issue, without a vote to its electors, its registered bonds, in an aggregate principal amount not to exceed \$240,000, to be issued in full conformity with the provisions of SDCL 9-43-114 and 6-8B. The Bonds shall be issued in lieu of Special Assessment Certificates and shall be payable solely from special assessments made against property benefited from the Improvements. The bonds do not constitute a debt within the meaning of Article XIII Section 4 of the Constitution of the State of South Dakota.

2.1. Date and Denomination of Bonds. The bonds will be dated in 2013 and shall also bear the date of authentication, shall be in fully registered form shall be on such terms and conditions as are determined by the Mayor and Finance Officer, shall be numbered 1 and upward, and the bonds shall become due and payable as determined by the Mayor and Finance Officer.

2.2. Interest and Principal Payments. The bonds shall bear interest at a rate not to exceed 3.45% from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the bonds is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable as determined by the Mayor and Finance Officer. Interest on each bond shall be paid by check, draft or wire transfer of the Finance Officer, Groton, South Dakota, hereby designated as the Bond Registrar and Paying Agent, payable in lawful money of the United States of America, to the person in whose name such bond is registered at the close of business on the last day of the month next preceding the interest payment date. The principal of the bonds shall be

payable in lawful money of the United States of America at the principal office of the Bond Registrar.

Section 3. Redemption. All Bonds are redeemable prior to maturity in whole, not in part, at the option of the City. All bonds are redeemable pursuant to SDCL Chapter 6-8B. Prior to any redemption date, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the bonds or portions of bonds which are to be redeemed on that date.

Section 4. Authentication. All bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Bond Registrar as authenticating agent of the City and showing the date of authentication. No bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless and until such certificates of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such bond shall be conclusive evidence that such bond has been authenticated and delivered under this resolution. The certificate of authentication on any bond shall be deemed to have been executed by the Bond Registrar if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the bonds issued hereunder.

Section 5. Registration of bonds; persons treated as owners. The City shall cause books (the "Bond Registrar") for the registration and for the transfer of the bonds as provided in this resolution to be kept at the principal office of the Bond Registrar, which is hereby constituted and appointed the registrar of the City. The City is authorized to prepare, and the Bond Registrar shall keep custody of, multiple bond blanks executed by the City for use in the transfer and exchange of bonds.

Section 6. Form of Bond. The Bonds shall be prepared in substantially the form on file with the Finance Officer.

Section 7. Sale of Bonds. The Mayor and Municipal Finance Officer are authorized to sell said bonds upon terms and conditions not inconsistent with this resolution to 1ST State Bank of Groton or their designee. The Finance Officer shall deliver upon receipt of the purchase price therefore; the Bonds to said purchaser. The bonds shall be purchased for a price not less than 100%.

Prior to the delivery of any of the bonds, the Municipal Finance Officer shall execute a certificate describing the improvements (by number) which are to be financed by the proceeds of the bonds being delivered, stating the amount of unpaid assessments for such improvements, and stating that said assessments have been appropriated and pledged to the bond fund hereby created.

Section 8. Creation of Bond Fund. The proceeds of the bonds, including accrued interest thereon, upon receipt thereof, shall be deposited promptly by the Municipal Finance Officer and shall be accounted for in the following manner and are hereby pledged therefore:

8.1. Accrued interest received for the bonds shall be deposited in the Special Assessment Bonds, Series 2013, Bond Fund (the "Bond Fund") which is hereby created for the payment of the principal of and interest on the bonds. The accrued interest and funds deposited by the City at the time of the delivery of the bonds, shall be used for the first installment of interest on the bonds; and

8.2. The balance of such proceeds shall be credited to the improvement account created by the Finance Officer to pay the costs of, or reimburse the City for the costs of, the improvements.

Section 9. Covenants of Tax Exemption. The City hereby covenants for the benefit of each holder of the bonds that:

9.1. Bond proceeds and other sums credited to the improvement account shall not be invested in such manner as to result in the loss of exemption from federal income taxation of interest on the bonds;

9.2. The City shall make no use of the proceeds of the bonds which, if such use had been reasonably expected on the date of the issue of the bonds, would have caused them or could cause the governmental obligations of any subsequent issue to be "arbitrage bonds" under Section 103(b) of the Internal Revenue Code of 1986, as amended (the "Code") and the applicable regulations thereunder; and the City and its officer, employees and other agents shall take appropriate action so that on the basis of the facts, estimates and circumstances in existence on the date of issue of the bonds it is reasonably expected that the proceeds of the bonds will be used in a manner that will not cause the bonds nor the governmental obligations of any subsequent issue to be such taxable "arbitrage bonds"; and

9.3. The City certifies the following:

9.3.1. The Bonds are being issued for a valid essential governmental purpose and are not "private activity bonds" as defined by the Code. None of the proceeds of the Bonds will be used to make or finance loans to any person. The City does not anticipate issuing more than \$5,000,000 in tax exempt obligations during the current calendar year. The Bonds are "qualified tax exempt obligations" as described by the Code.

9.3.2. The covenants in this Section impose an obligation on the City to comply with the requirement of Section 103 of the Code, and such income tax regulations; but

9.3.3. The proceeds of the bonds may be otherwise invested if and when the Code and Regulations thereunder permit the investment to be made in the manner made without causing the bonds or the governmental obligations of any subsequent issue to become such taxable "arbitrage bonds".

9.3.4. The Bonds are hereby designated for the purposes of 265(b)(3)(B)(i)(III) to be qualified tax-exempt obligations.

Section 10. Pledge of Special Assessments. The Special Assessment Bond Fund 2013 (hereafter "Bond Fund") is hereby created. For the purpose of providing the necessary funds to make required payments of principal of and interest on the bonds, the City hereby irrevocably pledges all amounts derived from special assessments for all improvements and all moneys in the Bond Fund. No moneys may be transferred out of the fund until all obligations which are or may be charged against the Bond Fund have been discharged.

10.1. Deposit of Assessments into Bond Fund. Such assessments as created by Resolution 1-7-13 passed by the City on January 7, 2013, when collected and received by the City, shall be deposited immediately into the Bond Fund. In the event the amount in the Bond Fund is insufficient to pay all principal and interest when due, such amount shall first be used to pay any past due interest and then in pro rata payment of current interest. Any balance shall be paid on bonds issued hereunder in order of serial numbers;

provided that no bondholder shall be compelled to accept partial payment on any bond.

Section 11. Event Constituting Default. In event of nonpayment of principal or interest on any of the bonds, such action shall constitute a default as to all bonds and shall enable the holders of any or all outstanding bonds, whether or not the same shall be due, acting individually or collectively, to take such action as they may deem necessary to protect the security of their bonds.

Section 12. Registered Form. The City recognizes that Section 149(a) of the Code requires the bonds to be issued and to remain in fully registered form in order that interest thereon is exempt from federal income taxation under laws in force at the time the bonds are delivered. In this connection, the City agrees that it will not take any action to permit the bonds to be issued in, or converted into, bearer or coupon form.

Section 13. List of Bondholders. The Bond Registrar shall maintain a list of the names and addresses of the holders of all bonds and upon transfer shall add the name and address of the new bondholder and eliminate the name and address of the transferor bondholder.

Section 14. Authorization to Furnish Information. The Municipal Finance Officer is authorized and directed to furnish to bond counsel certified copies of all proceedings and records of the City relating to the bonds and to the improvements financed thereby and to the right and power of the City to make the assessments securing payment of the bonds and all said certified copies and certificates shall be deemed representative of the City as to the facts therein stated.

Section 15. Authorization to Take Action. The Mayor and Finance Officer of the City are hereby authorized and directed to take all other action necessary or appropriate to effectuate the provisions of this resolution, including without limiting the generality of the foregoing, negotiating the final terms of the sale, the printing of the bonds, and the execution of such certificates as may reasonably be required, including, without limitation, certification relating to the signing of the bonds, the tenure and identity of the City's officials, the exemption of interest on the bonds from federal income taxation, the receipt of the bond purchase price and, if in accordance with the facts, the absence of litigation affecting the validity thereof.

Section 16. Resolution Constitutes Contract. After the bonds have been issued, this resolution shall constitute a contract between the City and the holder or holders of the bonds, and shall be and remain irrevocable and unalterable until the bonds and the interest accruing thereon shall have been duly paid, satisfied and discharged.

Section 17. This resolution shall become effective immediately upon its passage.

Sept 9-13, 2013 was chosen as Groton Cleanup week with free hauling on a motion by Opp and seconded by Muilenburg. All members present voted aye.

Moved by Opp and seconded by Brotherton to authorize Chief Mayou to attend a computer class at NewTec, Inc for educational credit for his firearms instructor position. All members present voted aye.

Moved by Flihs and seconded by Opp to authorize Attorney Johnson, Finance Officer Lowary, Mayor Hanlon, and as many council members who can attend a portion or all of the SDML conference in Aberdeen Oct 9-11. All members present voted aye.

Moved by Muilenburg and seconded by Opp to authorize Mayor Hanlon to attend the economic conference on sustaining youth in the community in Madison on Aug 26. All members present voted aye.

Due to the Labor Day holiday the first meeting in September will be held Sept 3 at 7pm on a motion by Opp and seconded by Muilenburg. All members present voted aye.

Budget requests for 2014 were discussed.

Moved by Opp and seconded by Hanlon to adjourn in executive session at 9:19pm to discuss legal and personnel matters. All members present voted aye. Council reconvened at 9:29pm.

Moved by Brotherton and seconded by Muilenburg to give a performance bonus to Taylor Barragan of \$500 for his work this summer. All members present voted aye.

Meeting adjourned.

Scott Hanlon, Mayor

Anita Lowary, Finance Officer