

**CITY OF MADISON
BOARD OF COMMISSIONERS PROCEEDINGS
MADISON, SD 57042**

16 May 2016
Regular

The Board of Commissioners of the City of Madison met in regular session the 16th day of May with the following members present on roll call: Mayor Lindsay and Commissioners Corbin (via teleconference), Thill and Waldner. Commissioner Johnson was absent.

Engineer Chad Comes requested agenda item Consider Area 2 Bids - Electric Distribution Improvements 2016 be removed from the agenda. Motion by Commissioner Waldner to adopt the revised May 16th agenda, second by Commissioner Thill. Motion carried unanimously.

Jennifer Davis and Lowell Blankers of the US Army Corps of Engineers presented the Section 22 Study. Hydrology, hydraulics, considerations for next steps and Section 205 and 22 information was detailed.

Motion by Commissioner Corbin, second by Commissioner Waldner, to approve the following items on the consent calendar: Minutes - May 2, 2016, Claims for Approval - May 18, 2016, Claims for Ratification - May 4, 2016, Building Permit Report - April, Planning Commission Minutes - May, Quarterly Progress Report - Pavement Management System, Appointment - Jeremiah Corbin – Lewis & Clark Regional Water System Annual Membership Meeting Delegate. Motion carried unanimously.

Claims for Approval - May 18, 2016:

A-1 Porta Pros Inc Handicap Unit Rental 390.00; Alfson/Richard Sidewalk Easement 275.00; Allied 100 LLC AED Adult Electrodes 183.80; Amert Construction Co Animal Shelter 21,240.00; Andersons' Nurseries Tree 102.00; Bahr/Francis Retiree Ins 69.75; Baker & Taylor Hide-Books 112.65; Banner Associates Inc Update-Water Dist Model 6,891.14; Blackstone Audiobooks Rough-Books 44.00; Border States Electric Supply Fault Indicators 1,841.84; Borns Group Utility Billing 1,907.88; Brock White Company Patching Materials 9,180.30; Campbell Supply Shop Supplies 468.33; Carquest of Madison Battery-Pipe Bandage 190.88; Central Business Supply Inc Laser Jet Cartridge 124.74; CenturyLink Phone Bill 90.40; Christiansen Complete Water Bottled Water 847.67; City of Brookings Gate Fees 3,886.52; Classic Corner Fuel 883.25; Colonial Research Chem Corp Janitorial Supplies 347.60; Cruz/Krysten Refund Swimming Lessons 75.00; D&T Ventures LLC Web Site Support 360.50; Dakota Fluid Power Inc Pump 310.85; Dakota State University Workstudy Wages 1,531.78; Dash Medical Gloves Evidence Gloves 60.90; Dave's Window Cleaning Inc Window Washing 250.00; Debilzan/Matthew J Refund after Deposit 77.05; Department of Energy Service 143,938.37; DPC Industries Chemicals 282.08; East River Electric Power Coop Transmission 20,824.90; East River Federal Credit Union Refund Mbrshp Balance 189.13; ECCO, Inc Contracted Expenses 4,900.00; Eimers/Jennifer Reimb Mileage-Meal 60.68; Engebretson/Lori Refund Swimming Lessons 30.00; Etterman Enterprises Shop Supplies 355.48; Everist, Inc/L G Seal Coating 7,531.85; F & M Coop Oil Co Switch Tires-Balance 134.20; Fastenal Company Disinfect/Cleaner 221.28; Federal Express Corporation Transportation Chgs 11.74; First Bank & Trust Series 2013 Water Rev 245,507.84; First National Bank Series 2007-10735 51,651.25; Fitzgerald/Barb Retiree Ins 100.00; Fleek/Rachel Refund Ovrchg Mbrshp 45.45; Gabriel/Nicole Refund Football Program 25.00; Gale-Cengage Learning Start-Books 137.94; Glanzer/Brittany Refund Bday Party 125.00; Greater Madison Area Arbor Day Chamber Bucks 120.00; Hach Company Chemicals 216.48; Hawkins Inc Azone-Chemical 542.23; HD Supply Waterworks Adapter-Elbow 915.68; Heartland Consumers Power Dist Wholesale Power 263,766.07; Hillyard Floor Care Supply Floor Finish-Floor Pad 4,181.00; Home Service Water Condition Salt 94.50; I State Truck Center Parts 430.90; Infotech Solutions LLC Maintenance 2,284.50; Ingram Company Epidemic-Books 46.95; Irby Tool Co/Stuart C Rubber Glove Testing 13.31; J & M Construction Repair Bricks/Building 841.50; Johnson/Gordon Retiree Ins 69.75; Jones Ace Hardware Supplies 161.85; Kadrmas Lee & Jackson Inc Wetland Mitigation Bank 24,560.06; Karl's TV and Appliance Window Air-Greensub 499.99; Kolorworks Covers-Brush 13.67; Kooiker/Sally Retiree Ins 209.25; Lake County International Parts 16.98; Lake County Register of Deeds Agreement 30.00; Lake Veterinary Clinic Wormer-Shots 46.00; Lewis Drug Stores Fresheners-Liners 77.37; Locator & Supplies Inc Litebox Battery 96.29; Loopy's Crackers-Cookies 10.63; Lundholm/Charles Retiree Ins 69.75; Madison Daily Leader City Wide Clean Up 1,094.53; Madison Fire Department Annual Contribution 15,000.00; Madison Instant Printing Door Hangers/Env 612.96; Madison Regional Health New Employee Physical 125.00; Maintenance Engineering 24 Bulbs 1,026.15; Marco Inc Copier System 200.42; Micromarketing LLC Small-Unecs 1,087.95; Northwestern Energy Library Utility 602.34; Office Peeps Inc Drum 275.41; One Office Solution Labels-Cartridge 32.91; One Stop Fuel 2.87; Paraclete Press Inc Province-Books 189.92; Peak/Adam Reimb Trng Lifeguard 165.00; Penguin Group Inc MacDonald-Books 26.25; Poppen/Dennis Retiree Ins 162.00; Poseidon Air Systems Regulator Part 85.00; Power Promotions T-shirts-Printing 1,038.33; Pro-Build Roof Sheathing Board 158.45;

Recorded Books Inc What-CDs 307.60; Resco Nordic Basements 5,628.00; Roger's Service & Exhaust Pros Rotors 80.00; Ron's Saw Shop Clutch-Filter-Sprocket 177.18; SD Dept of Revenue License Renewal Form 140.00; SD Dept Revenue & Regulation Malt Beverage Renewals 2,375.00; SD Housing Authority Grant Circle TIF 9,591.26; SD One Call Message Fees 168.00; SD Public Assurance Alliance Auto Damage-Addn 337.00; SDN Communications Internet 359.84; Sentimental Reflections Seasonal Editions-Books 125.00; Servall Towel & Linen Supply Mat Rental 258.09; Shopko Stores Op Co LLC Candy 26.97; Silva/Connie Retiree Ins 100.00; Sioux Falls Music JBL Controls 2,025.00; Sioux Valley Energy Utilities-RUS 73.00; Spiering/Thomas Retiree Ins 69.75; Sport Videos Baseball-DVDs 347.00; Stanford/Roger Retiree Ins 69.75; Sturdevant's Auto Parts Wheel Assembly 456.81; Sunshine Foods Arbor Day Presentation 66.96; Sweeney Controls Company Labor 420.00; T & R Contracting Inc Water-Sewer Imp 2016-1 346,482.86; T & R Electric Supply Co Inc PCB Lab Testing 15.00; Timmer Supply Water Heater-Thue 1,013.71; Tire Motive Service Center Flat Repair 168.00; Toshiba Financial Services Copier Chgs 566.18; Upstart-Highsmith-Edupress Notes-Medals-Wristband 179.43; USA Blue Book Chemicals 161.44; Visualgov Solutions LLC Process Fee 3,183.41; Walter/Aaron Reimb Batteries 274.90; Wesco Distribution Inc Okonite Wire 54,101.41; Wheelco Brake & Supply Inc Filter 75.10.

Claims for Ratification - May 4, 2016:

AFLAC Deduction 1,923.88; City of Madison-Flex One Deduction 1,182.67; Delta Dental Insurance 4,862.24; Health Pool of South Dakota Insurance 30,392.22; Local Union #426, IBEW Dues 373.00; Messerli & Kramer P.A. Deduction 105.28; Minnesota Child Support Deduction 251.96; Office of Child Support Deduction 220.62; SDRS Retirement 15,837.11; SDSRP Retirement 2,493.00; Teamsters Local No 120 Dues 599.00; Brandon & Jeanna Weid Deduction 180.16.

Motion by Commissioner Waldner to authorize the Mayor to sign an Assurance Agreement with Phase 3 Development, LLC for the development of Lots 1 and 3, Block 1, Kern Addition. Said agreement addresses public and private improvements that are the responsibility of the developer to allow the approval of the plat. Motion seconded by Commissioner Thill. Motion carried unanimously.

Motion by Commissioner Corbin to approve Resolution No. 2016-9 - Approve a Plat, second by Commissioner Thill. Motion carried unanimously.

RESOLUTION NO. 2016-9

A RESOLUTION TO APPROVE A PLAT

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF MADISON, SOUTH DAKOTA:

That the plat of Lots 1 and 3, Block 1, Kern Addition to the City of Madison, Lake County, South Dakota, is hereby approved and that the Finance Officer of the City of Madison is hereby directed to endorse on such plan a copy of this resolution and certify the same thereon.

Dated this 16th day of May, 2016.

CITY OF MADISON

/s/Roy J. Lindsay, Jr.
Mayor

ATTEST: /s/Jennifer Eimers
Finance Officer

Motion by Commissioner Waldner to approve Resolution No. 2016-10 - Approve a Plat, second by Commissioner Thill. Motion carried unanimously.

RESOLUTION NO. 2016-10

A RESOLUTION TO APPROVE A PLAT

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF MADISON, SOUTH DAKOTA:

That the plat of Lot 15, Block 1, of Williams Bros. Addition to the City of Madison, Lake County, South Dakota, is hereby approved and that the Finance Officer of the City of Madison is hereby directed to endorse on such plan a copy of this resolution and certify the same thereon.

Dated this 16th day of May, 2016.

CITY OF MADISON

/s/Roy J. Lindsay, Jr.
Mayor

ATTEST: /s/Jennifer Eimers
Finance Officer

Motion by Commissioner Corbin to authorize the Mayor to sign Amendment #1 to the Sponsored Research Agreement with SDSU for a period of performance change for the Pavement Management System Study. Said amendment moves the project completion date to December 31, 2016. Motion seconded by Commissioner Waldner. Motion carried unanimously.

Motion by Commissioner Waldner to adopt Resolution No. 2016-11 - Direct the Objectives and Organization of the Energy Advisory Committee, second by Commissioner Corbin. Motion carried unanimously.

RESOLUTION NO. 2016-11

A RESOLUTION TO DIRECT THE OBJECTIVES AND ORGANIZATION OF THE ENERGY ADVISORY COMMITTEE

WHEREAS, Resolution No. 2784, which established an Energy Advisory Committee to create opportunities for public involvement and stimulate public interest in the financial and conservation affairs of the electric department, was adopted in 2011 and is now in need of revision; and

WHEREAS, the City Commission still believes it is in the overall interest to the citizens of Madison to obtain public participation in the review of financial and conservation activities of the department; and

WHEREAS, it shall continue to be the objectives of the Energy Advisory Committee:

1. To review, analyze and recommend alternatives regarding the implementation of an energy management/conservation plan for the City of Madison.
2. To establish policies regarding reserves held by the City to include operating capital, capital improvements and replacements and contingency reserves.
3. In coordination with the Electric Utility Director, to review new technology and methods of operations that may increase productivity or reduce costs to the City's electric department, including, but not limited to, load management and smart metering system.
4. To review and monitor the City's contracts and rates for the purchase or sale of electricity; and

WHEREAS, the ultimate responsibility for the decision making in these areas lies with the City Commission;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF MADISON, SOUTH DAKOTA:

That the Energy Advisory Committee shall continue to provide advice to the elected officials by making recommendations to such officials in the areas listed above. These recommendations shall be brought to the City Commission in accordance with all open meetings laws as listed in SDCL 1-25.

The organization of the Committee shall be as follows:

1. **Membership**
Committee shall be nominated by the Mayor subject to approval and appointment by the City Commission and shall consist of five members.

2. Staff
City Commission shall appoint a staff person to be responsible for research and analysis on matters relevant to the committee, informing the committee of pertinent information at the local, state and national level, coordination of information between the committee and City officials including commissioners and supervisors, preparation of agenda under direction of the committee chairman, clerical support and preparation and distribution of information from the committee to appropriate officials.
3. Meetings
Committee shall meet at the call of the Electric Utility Director with concurrence by the committee chairman but at a minimum of four (4) times per year.
4. Quorum
Three members shall constitute a quorum.

Committee members shall serve with no compensation. The City Commission may reimburse committee members for extraordinary expenses incurred during the course of their duty on the committee.

Dated this 16th day of May, 2016.

CITY OF MADISON

/s/Roy J. Lindsay, Jr.
Mayor

ATTEST: /s/Jennifer Eimers
Finance Officer

Motion by Commissioner Waldner to adopt Resolution No. 2016-12 - Establish Guidelines for Allocating Cash Balances and Defining Transfer Limits in Electric Fund, second by Commissioner Corbin. Motion carried unanimously.

RESOLUTION NO. 2016-12

A RESOLUTION TO ESTABLISH GUIDELINES FOR ALLOCATING CASH BALANCES AND DEFINING TRANSFER LIMITS IN THE ELECTRIC FUND

WHEREAS, Resolution No. 1930, which limited the cash balances and transfers from the electric fund was adopted in 1988 and is now in need of revision; and

WHEREAS, the City Commission still desires to allocate cash balances and define transfer limits in the electric fund by establishing a Payment in Lieu of Taxes (PILOT) limit along with several restricted and designated reserves;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF MADISON, SOUTH DAKOTA:

That cash balances and transfer limits in the electric fund be allocated and defined for specified purposes:

1. Cash Transfer for Payment in Lieu of Taxes (PILOT)
Transfer of cash from the electric fund to support other City services shall not exceed seven and one half percent (7.50%) of the annual budgeted gross rate revenue of the fund.
2. Capital Finance Restricted Reserve
Maintain a restricted cash reserve for paying bonded indebtedness in an amount equal to an annual full payment of all bonded indebtedness of the fund.
3. Operating Designated Reserve
Maintain a designated cash reserve with a minimum of sixty (60) days of annual budgeted gross rate revenue of the fund.

4. Emergency Designated Reserve
Maintain a designated cash reserve of seven hundred and fifty thousand dollars (\$750,000.00) set in 2017 and adjusted by the CPI-U annually.
5. Capital Accumulation Designated Reserves
Maintain designated cash reserves to accumulate funds to purchase vehicles, equipment or buildings. Said reserves shall not exceed the full purchase price of the proposed purchase and shall not be held for over twenty-four (24) months once full price accumulation has been reached.
6. Capital Improvement Designated Reserve
Maintain a designated cash reserve in the amount of the non-bonded annualized average of the capital improvement plan (5-year plan) or actual year's plan, whichever is greater.
7. Generation Plant Designated Reserve
Maintain a designated cash reserve of sixty thousand dollars (\$60,000.00) set in 2017 and adjusted by the CPI-U annually.

The total amount of cash in designated reserves (items 3-7) for each fiscal year shall be between twenty-five percent (25.0%) and forty-five percent (45.0%) of annual budgeted gross rate revenue with a target of thirty-five percent (35.0%) of annual budgeted gross rate revenue.

Gross Rate Revenue shall be defined as budgeted revenue from metered electric sales and transmission services.

The City Commission shall set rates annually after reviewing the financial state of the electric fund and this cash balances and transfer limits policy.

Dated this 16th day of May, 2016.

CITY OF MADISON

/s/Roy J. Lindsay, Jr.
Mayor

ATTEST: /s/Jennifer Eimers
Finance Officer

Motion by Commissioner Thill to authorize the Mayor to sign an Application for Abatement and/or Refund of Property Taxes #2016-98 from the US Post Office in the amount of \$325.00, second by Commissioner Waldner. Motion carried unanimously.

Motion by Commissioner Waldner to adopt Resolution No. 2016-13 - Authorizing the Issuance and Making Provisions for Payment of GO Refunding Bonds Series 2016, second by Commissioner Corbin. Motion carried unanimously.

RESOLUTION NO. 2016-13

A RESOLUTION RELATING TO GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016; AUTHORIZING THE ISSUANCE AND MAKING PROVISIONS FOR THEIR PAYMENT

BE IT RESOLVED by the City Commission of the City of Madison, South Dakota (the City) as follows:

SECTION 1. RECITALS, AUTHORIZATION AND SALE.

1.01. Recitals and Authorization.

(a) The City has heretofore issued its General Obligation Bonds, Series 2007, dated, as originally issued, as of December 1, 2007, in the original principal amount of \$3,500,000 (the Series 2007 Bonds), the proceeds of which were used to finance the acquisition and construction of a new swimming pool in the City to replace the existing pool.

(b) This Council hereby determines that it is in the best interests of the City to authorize the issuance and sale of its General Obligation Refunding Bonds, Series 2016, in the approximate principal amount of \$1,560,000 (the Bonds), the proceeds of which will be used, together with City funds on hand as may be required, to redeem on December 1, 2017 (the Redemption Date) the Series 2007 Bonds maturing in 2018

and later years, currently outstanding in the aggregate principal amount of \$1,430,000 (the Refunded Bonds).

- 1.02. Sale and Bond Purchase Agreement. The Bonds authorized hereby shall be sold to Dougherty & Company LLC, of Minneapolis, Minnesota (the Purchaser) in an aggregate principal amount not to exceed the amount necessary to accomplish the refunding of the Refunded Bonds, plus amounts necessary to pay costs of issuance of the Bonds, including an underwriter's discount not exceeding 2.00% of the principal amount of the Bonds, bond insurance premium and original issue discount (not to exceed 2% of the principal amount of the Bonds), if any. The Bonds shall bear interest at a rate or rates per annum resulting in an average coupon not to exceed 1.95% per annum and to mature over a period not to exceed 7 years. The Mayor and Finance Officer are hereby authorized and directed to agree with the Purchaser upon the exact purchase price, principal amount, maturities, redemption provisions and interest rate or rates for the Bonds, within the parameters set forth in this Section 1.02. The execution of a Bond Purchase Agreement setting forth such final terms by the Mayor and Finance Officer is hereby approved and authorized and such execution shall be conclusive evidence of such agreement and shall be binding upon the City. The provisions of the Bond Purchase Agreement as so executed, including all Exhibits and Appendices thereto, are incorporated herein by reference. The law firm of Dorsey & Whitney LLP, in Minneapolis, Minnesota, is hereby appointed as bond counsel and disclosure counsel for purposes of this issue of Bonds.
- 1.03. Officials Authorized to Execute Documents. The Mayor, Finance Officer and City Attorney are hereby authorized and directed to execute and deliver the Bond Purchase Agreement and the documents required thereunder, the Official Statement, the Bonds and any other documents required to complete the financing contemplated hereby, including an insurance policy for all or a portion of the Bonds if deemed advisable by the Underwriter. Execution and delivery of such documents by the Mayor, Finance Officer and City Attorney shall constitute evidence that such items are consistent with the terms of this resolution and have been duly authorized, executed and delivered by the City and are enforceable against the City in accordance with their terms, subject to customary exceptions relating to bankruptcy, reorganization, insolvency and other laws affecting creditors' rights. The Mayor, Finance Officer and City Attorney are further authorized to take such other actions as may be required to effectuate the terms and intent of this resolution. In the event of the absence or disability of the Mayor, Finance Officer or City Attorney, the acting Mayor, the acting Finance Officer or the Assistant City Attorney are hereby authorized to act in the place and stead of the Mayor, Finance Officer and City Attorney, and to take all actions and execute all documents approved hereby.
- 1.04. Official Statement. The Mayor, Finance Officer and City Attorney are authorized, in cooperation with the Purchaser, to prepare an Official Statement to be distributed to prospective purchasers of the Bonds. The Mayor and the Finance Officer are hereby authorized and directed to approve the Official Statement.

SECTION 2. BOND TERMS, EXECUTION AND DELIVERY AND REGISTRAR.

- 2.01. Execution, Authentication and Delivery. The Bonds shall be prepared under the direction of the Finance Officer and shall be executed and authenticated on behalf of the City by the signatures of the Mayor and the Finance Officer and countersigned by an attorney resident and licensed to practice in the State of South Dakota. All signatures may be printed, lithographed or engraved facsimiles of the original. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds 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 such officer had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution. After the Bonds have been so prepared and executed, the Finance Officer shall deliver them to the Registrar for delivery to the Underwriter on receipt of the purchase price heretofore agreed upon, and the Underwriter shall not be required to see to the application thereof. Upon delivery of the Bonds to the Underwriter the Finance Officer shall file with the Secretary of State, on the form provided by the Secretary of State, the information required by Section 6-8B-19, South Dakota Codified Laws.
- 2.02. Maturities, Interest Rates and Forms. The Bonds shall be issued in the denomination of \$5,000 each, or any integral multiple thereof, shall mature on the dates and in the respective years and amounts, and shall bear interest from date of original issue until paid or duly called for redemption at the respective annual

rates stated opposite such maturity years as shown on Exhibit A to the Bond Purchase Agreement. The Bonds shall be issuable only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, shall be payable by check or draft issued by the Registrar described herein; provided if the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.08 hereof, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

- 2.03. Dates and Interest Payment Dates. Each Bond shall bear a date of original issue as of the date on which the Bonds are delivered to the Underwriter. Upon the initial delivery of the Bonds pursuant to Section 2.01 and upon any subsequent transfer or exchange pursuant to Section 2.06, the date of authentication shall be noted on each Bond so delivered, exchanged or transferred. The interest on the Bonds shall be payable on the dates shown on Exhibit A to the Bond Purchase Agreement, to the owner of record thereof as the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day. Interest shall be computed on the basis of a 360 day year composed of twelve 30 day months.
- 2.04. Redemption. The Bonds shall be subject to redemption prior to maturity, at the option of the City, in the years and at the redemption prices set forth in Exhibit A to the Bond Purchase Agreement in such order of maturities as may be designated by the City and, within any maturity, in \$5,000 principal amounts selected by the Registrar by lot, assigned in proportion to their principal amounts. The Finance Officer shall cause notice of the call for redemption thereof to be published as and if required by law, and, at least thirty days prior to the designated redemption date, shall cause notice of the call thereof for redemption to be mailed, by first class mail (or, if applicable, by the bond depository in accordance with its customary procedures), to the registered owners of any Bonds to be redeemed at their addresses as they appear on the bond register described in Section 2.06 hereof, but no defect in or failure to give such mailed notice shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. The notice of redemption shall specify the redemption date, redemption price, the numbers, interest rates and CUSIP numbers of the Bonds to be redeemed and the place at which the Bonds are to be surrendered for payment, which is the principal office of the Registrar. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.
- 2.05. Appointment of Registrar and Registration. The City shall appoint an initial bond registrar, transfer agent and paying agent (the Registrar) pursuant to the Bond Purchase Agreement. The Mayor and the Finance Officer are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove any Registrar upon thirty (30) days notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the bond register to the successor Registrar. No resignation or removal of the Registrar shall become effective until a successor Registrar has been appointed and has accepted such appointment. Any Bond Insurer shall be furnished prompt written notice of the resignation or removal of the Registrar and the appointment of a successor.
- 2.06. Registration. The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:
- (a) Register. The Registrar shall keep at its principal corporate trust office a bond register in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.
- (b) Transfer of Bonds. Upon surrender to the Registrar for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until such interest payment date.

(c) Exchange of Bonds. Whenever any Bond is surrendered to the Registrar by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount, interest rate and maturity, as requested by the registered owner or the owner's attorney duly authorized in writing.

(d) Cancellation. All Bonds surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name any Bond is at any time registered in the bond register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the City upon such Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Bonds, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be lost, stolen or destroyed, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor, in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any such Bond lost, stolen or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond lost, stolen or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Bond was lost, stolen or destroyed, and of the ownership thereof, and upon furnishing to the City and the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to the Registrar, in which both the City and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the City. If the mutilated, lost, stolen or destroyed Bond has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Bond prior to payment.

2.07. Bond Form. The Bonds shall be prepared in substantially the form presented to and approved by this Commission and on file in the office of the Finance Officer.

2.08. Securities Depository. The Finance Officer may, on or before the date of issue of the Bonds, direct that the Bonds be issued in book-entry only form and if issued in such form, the following provisions shall apply:

(a) For purposes of this section the following terms shall have the following meanings:

"Beneficial Owner" shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person's subrogee.

"Cede & Co." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

"DTC" shall mean The Depository Trust Company of New York, New York.

"Participant" shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

"Representation Letter" shall mean the Representation Letter pursuant to which the sender agrees to comply with DTC's Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Registrar nor the City shall be affected by any notice to the contrary. Neither the Registrar nor the City shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any

Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, the City may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC by the Mayor or Finance Officer, if not previously filed with DTC, is hereby authorized and directed.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

SECTION 3. USE OF PROCEEDS. The Finance Officer is hereby authorized and directed, simultaneously with the delivery of the Bonds, to deposit in escrow with The First National Bank in Sioux Falls, in Sioux Falls, South Dakota, as escrow agent (the Escrow Agent), proceeds of the Bonds which, together with moneys from the debt service fund for the Series 2007 Bonds, if any, are to be invested in securities authorized for such purpose by Chapter 6-8B, South Dakota Codified Laws, maturing on such dates and bearing interest at such rates as are required to provide funds sufficient, with cash retained in the escrow account, to pay interest on the Refunded Bonds to and including and redeem the Refunded Bonds on the Redemption Date. The remaining proceeds of the Bonds shall be applied to pay issuance expenses and any remaining proceeds after payment of such expenses shall be deposited in the Bond Fund created in Section 4 hereof. The Mayor and Finance Officer are hereby authorized to enter into an escrow agreement with the Escrow Agent establishing the terms and conditions for the escrow account.

3.02. Redemption of Refunded Bonds. The Finance Officer is hereby authorized and directed forthwith to call, or to cause the Escrow Agent to call, for redemption on the Redemption Date all Refunded Bonds. Notice of the redemption of the Refunded Bonds shall be mailed in accordance with the terms of the ordinance authorizing their issuance.

SECTION 4. BOND FUND. There is hereby created a Bond Fund for the payment of principal of and interest on the Bonds, which Bond Fund the City agrees to maintain until the Bonds have been paid in full. If the money in the Bond Fund should at any time be insufficient to pay principal and interest due on the Bonds, such amounts shall be paid from other moneys on hand in other funds of the City, which other funds shall be reimbursed therefor when sufficient money becomes available in the Bond Fund. The moneys on hand in the Bond Fund from time to time shall be used only to pay the principal of and interest on the Bonds. Into the Bond Fund shall be paid: (a) any amount appropriated thereto pursuant to Section 3 hereof; (b)

any ad valorem taxes collected in accordance with the provisions of Section 5 hereof; and (c) any other funds appropriated by the Commission for the payment of the Bonds.

SECTION 5. PLEDGE OF TAXING POWERS. For the prompt and full payment of the principal of and interest on the Bonds as such payments respectively become due, the full faith, credit and unlimited taxing powers of the City shall be and are hereby irrevocably pledged. In order to produce aggregate amounts needed to meet when due 105% of the principal and interest payments on the Bonds, ad valorem taxes are hereby levied on all taxable property in the City for the years and in the amounts set forth on the Certificate as to Tax Levy attached hereto as Exhibit A, which the Finance Officer shall file with the Lake County Auditor on or before November 1, 2016. Upon execution of the Bond Purchase Agreement, as more fully described in Section 1.2 of this Resolution, the Finance Officer shall recompute the required tax levy for the Levy Year 2016 and following and shall complete and file an amended Certificate as to Tax Levy with the Lake County Auditor prior to delivery of the Bonds to the Purchaser, in compliance with Section 10-12-7, South Dakota Codified Laws.

The levies shall be irrevocable so long as any of the Bonds or interest thereon shall remain unpaid, except that, when and if appropriations shall hereafter be made into the Bond Fund of cash from any other fund of the City or moneys therefore actually paid into the Bond Fund, the City Commission shall have the power to reduce the levy for the ensuing year or years specified in the Certificates as to Tax Levy by an amount equal to the moneys so appropriated, and upon certification thereof the levies above specified shall be accordingly reduced or canceled. The moneys in the Bond Fund shall be used solely for the payment of principal of and interest on the Bonds; provided that, if any payment of principal or interest shall fall due on the Bonds when moneys in the Bond Fund are insufficient therefore, such payments shall be made from the General Fund of the City, and said General Fund shall be reimbursed for the amounts so advanced out of the proceeds of the foregoing taxes when collected.

SECTION 6. DEFEASANCE. When all of the Bonds have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the registered owners of the Bonds shall cease. The City may discharge its obligations with respect to any Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Registrar on or before that date an amount equal to the principal, interest and redemption premium, if any, which are then due, provided that notice of such redemption has been duly given as provided herein. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank or trust company qualified by law as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited, bearing interest payable at such time and at such rates and maturing or callable at the holder's option on such dates as shall be required to pay all principal, interest and redemption premiums to become due thereon to maturity or earlier designated redemption date.

SECTION 7. CERTIFICATION OF PROCEEDINGS. The officers of the City are hereby authorized and directed to prepare and furnish to the Underwriter and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records relating to the Bonds and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds, as the same appear from the books and records in their custody and control or as otherwise known to them, and all such certified copies, affidavits and certificates, including any heretofore furnished, shall be deemed representations of the City as to the correctness of all statements contained therein.

SECTION 8. TAX COVENANTS; ARBITRAGE MATTERS; AND DISCLOSURE.

8.01. Tax Covenant. The City covenants and agrees with the registered owners of the Bonds, that it will not take or permit to be taken by any of its officers, employees or agents any actions that would cause interest on the Bonds to become includible in gross income of the recipient under the Internal Revenue Code of 1986, as amended (the Code) and applicable Treasury Regulations (the Regulations), and covenants to take any and all actions within its powers to ensure that the interest will not become includible in gross income of the recipient under the Code and the Regulations. It is hereby certified that the proceeds of the

Bonds will be used for the acquisition and betterment of municipal facilities owned and operated by the City and the City covenants and agrees that, so long as the Bonds are outstanding, the City shall not enter into any lease, management agreement, use agreement or other contract with any nongovernmental entity relating to the facilities so financed which would cause the Bonds to be considered “private activity bonds” or “private loan bonds” pursuant to Section 141 of the Code.

- 8.02. Arbitrage Certification. The Mayor and Finance Officer being the officers of the City charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Underwriter a certificate in accordance with the provisions of Section 148 of the Code, and applicable Regulations stating the facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds which make it reasonable to expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of the Code and the Regulations.
- 8.03. Arbitrage Rebate Exemption. It is hereby determined that the Bonds qualify for the “small issuer” exemption from arbitrage rebate set forth in Section 148(f)(4)(D) of the Code, as modified by Section 148(f)(4)(D)(v) of the Code since:
- (a) the Refunded Bonds qualified for the exception from arbitrage rebate provided by Section 148(f)(4)(D)(i) of the Code;
 - (b) the aggregate face amount of the Bonds does not exceed \$5,000,000;
 - (c) the average maturity of the Bonds will not exceed the remaining average maturity of the Refunded Bonds; and
 - (d) no Bond has a maturity date which is later than 30 years after the date the Refunded Bonds were issued.
- 8.04. Qualified Tax-Exempt Obligations. The Council hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code relating to the disallowance of interest expense for financial institutions, and hereby finds that the reasonably anticipated amount of tax-exempt obligations (within the meaning of Section 265(b)(3) of the Code) which will be issued by the City and all subordinate entities during calendar year 2016 does not exceed \$10,000,000.
- 8.05. Continuing Disclosure. The City acknowledges that the Bonds are subject to the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (as in effect and interpreted from time to time, the Rule). The Rule governs the obligations of certain underwriters to require that issuers of municipal obligations enter into agreements for the benefit of the holders of the obligations to provide continuing disclosure with respect to the obligations. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit participating underwriters in the primary offering of the Bonds to comply with the Rule, which will enhance the marketability of the Bonds, the Mayor and Finance Officer are hereby authorized and directed to execute an Undertaking of Continuing Disclosure (the Undertaking), in substantially the form presented to and approved by this Commission and on file in the office of the Finance Officer, by which the City agrees to provide such information, either directly or through a disclosure agent. The City hereby covenants and agrees to observe and perform the covenants and agreements contained in the Undertaking, unless amended or terminated in accordance with the provisions thereof, for the benefit of the registered owners or beneficial owners from time to time of the Bonds as provided in the Undertaking.

SECTION 9. AMENDMENT. This resolution may be amended at any time prior to the issuance of the Bonds by adoption of an administrative resolution.

Dated this 16th of May, 2016.

CITY OF MADISON

/s/Roy J. Lindsay, Jr.
Mayor

ATTEST: /s/Jennifer Eimers
Finance Officer

Bid No. 848 on Transformers (2985.5 KVA) was reviewed. T & R Electric - \$7,326.00; Jerry’s Electric, Inc. - \$5,100.00; Dakota American Transformer - \$5,660.00. Motion by Commissioner Corbin to award bid to T & R Electric in the amount of \$7,326.00, second by Commissioner Waldner. Motion carried unanimously.

Motion by Commissioner Thill to adjourn, second by Commissioner Waldner. Motion carried unanimously.

The Board of Commissioners adjourned at 6:31pm.

/s/Jennifer Eimers
Finance Officer

Published once at the approximate cost of \$_.