

RESOLUTION NO. 2021-02

The City of Madison is an equal opportunity employer.

RESOLUTION AUTHORIZING THE EXECUTION, TERMS, ISSUANCE, SALE AND PAYMENT OF ELECTRIC REVENUE REFUNDING BONDS, SERIES 2021 IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED TWO MILLION ONE HUNDRED NINETY AND NO/100 (\$2,190,000) OF THE CITY OF MADISON OF LAKE COUNTY, SOUTH DAKOTA AND PLEDGING PROJECT REVENUES AND COLLATERAL TO SECURE THE PAYMENT OF THE BONDS; AND CREATING SPECIAL FUNDS AND ACCOUNTS FOR THE ADMINISTRATION OF FUNDS FOR OPERATION OF THE SYSTEM AND RETIREMENT OF THE TAXABLE ELECTRIC REVENUE REFUNDING BONDS, SERIES 2013 AND PROVIDING FOR A SEGREGATED SPECIAL CHARGE OR SURCHARGE FOR THE PAYMENT OF THE BONDS.

WHEREAS, one of the purposes of SDCL Chapter 9-40 (the “Act”) as found and determined by the South Dakota Legislature is to provide for financing the acquisition, maintenance, operation, extension or improvement of any system or part of any system which provides electricity for municipal, industrial and domestic purposes, together with extensions, additions, and necessary appurtenances; and

WHEREAS, a municipality is authorized by Section 6 of the Act to issue revenue bonds to defray the cost of extensions, additions and improvements to any system previously owned without pledging its credit and is authorized to pledge the net income or revenues from the improvements in accordance with Section 15 of the Act; and,

WHEREAS, the City of Madison (the “City”) currently operates an electric utility; and,

WHEREAS, the City is authorized by the provisions of SDCL Chapter 6-8B, §§ 6-8B-30 through 6-8B-52 inclusive, to issue electric revenue refunding bonds to refund and refinance validly issued outstanding electric improvement revenue bonds of the City; and

WHEREAS, the Board of Commissioners has determined that refunding certain electric revenue refunding bonds of the City will reduce the interest expense to the City; and

WHEREAS, the Board of Commissioners has determined that it is necessary and in the best interest of the City to issue electric revenue refunding bonds of the City for the purpose of providing funds to refund the City’s outstanding Taxable Electric Revenue Bonds, Series 2013, and (iii) pay the costs of issuance of the Bonds described herein.

WHEREAS, the City has and shall adopt special rates or surcharges for the use of the improvements to be pledged, segregated and used for the payment of the Bonds.

NOW THEREFORE BE IT RESOLVED by the City Commission of the City of Madison, South Dakota, as follows:

SECTION 1. Definitions. The terms when used in this Resolution (“Resolution”) shall have the following meanings set forth in this section unless the context clearly requires otherwise.

“Act” means South Dakota Codified Laws Chapter 9-40.

“Bond Counsel” means Meierhenry Sargent LLP, Sioux Falls, South Dakota.

“Bond Purchase Agreement” means the Bond Purchase Agreement authorized pursuant to and hereof by and between the City and the Underwriter.

“Bonds” means the Electric Revenue Refunding Bonds, Series 2021 issued by the City.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the United States Department of Treasury promulgated thereunder as in effect on the date of issuance of the Bonds.

“Issuance Costs” means costs but only to the extent incurred in connection with, and allocable to, the borrowing: Underwriters' spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification, and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than for qualified guarantees and similar costs.

“Mayor” means the Mayor elected pursuant to the provisions of the SDCL 9-13 or his or her designee acting on his or her behalf pursuant to the Charter.

“Outstanding,” “Bonds Outstanding,” or “Outstanding Bonds” means, as of a particular date all Bonds issued and delivered under this Resolution except: (1) any Bond paid or redeemed or otherwise canceled by the City at or before such date; (2) any Bond for the payment of which cash, equal to the principal amount thereof with interest to date of maturity, shall have theretofore been deposited prior to maturity by the City for the benefit of the owner thereof; (3) any Bond for the redemption of which cash, equal to the redemption price thereof with interest to the redemption date, shall have theretofore been deposited with the registration agent and for which notice of redemption shall have been mailed in accordance with this Resolution; (4) any bond in lieu of or in substitution for which another bond shall have been delivered pursuant to this Resolution, unless proof satisfactory to the City is presented that any bond, for which a bond in lieu of or in substitution therefor shall have been delivered, is held by a bona fide purchaser, as that term is defined in Article 8 of the Uniform Commercial Code of South Dakota, as amended, in which case both the bond in lieu of or in substitution for which a new bond has been delivered and such new bond so delivered therefor shall be deemed Outstanding; and, (5) any bond deemed paid this Resolution, except that any such Bond shall be considered Outstanding until the maturity or redemption date thereof only for the purposes of being exchanged, transferred, or registered.

“Paying Agent” means the Paying Agent appointed by the City or its successor or successors hereafter appointed in the manner provided in Section 8 hereof.

“Person” means an individual, partnership, corporation, trust, or unincorporated organization, or a governmental entity or agency or political subdivision thereof.

“Mayor” means the Mayor of the Board of Commissioners who may act for the Mayor in the absence of the Mayor.

“Project” means the improvements to the electrical distribution of the City’s municipal electric utility which were financed with the proceeds of the City’s Taxable Electric Generation Facility Revenue Bonds, Series 2004.

“Record Date” means the close of business on the first day (whether or not a business day) of the calendar month next preceding such interest payment date.

“**Refunded Bonds**” means the Taxable Electric Generation Revenue Refunding Bonds, Series 2013 as follows:

<u>Maturity Date</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>	<u>CUSIP</u>
December 15, 2021	\$ 315,000	3.150	55821R AG6
December 15, 2022	325,000	3.400	55821R AH4
December 15, 2023	350,000	3.500	55821R AJ0
December 15, 2024	365,000	3.650	55821R AK7
December 15, 2025	780,000	3.750	55821R AL5
	<u>\$2,135,000.00</u>		

“**Registrar**” means First Bank & Trust, Brookings, South Dakota.

“**Resolution**” means this Resolution.

“**Reserve Fund Requirement**” means an amount not to exceed the lesser of (1) 10% of the principal amount of the Bonds, (2) the Maximum annual debt service on the Bonds, or (3) 125% of the average annual debt service on the Bonds.

“**System**” means the City’s electric utility system.

“**Trust Indenture**” means the Indenture of Trust dated February 1, 2013, between the City and the Trustee.

“**Trustee**” means U.S. Bank National Association, Minneapolis Minnesota.

“**Underwriter**” means Colliers Securities LLC acting for and on behalf of itself and such securities dealers as it may designate.

SECTION 2. Declaration of Necessity. Findings.

It is hereby found and determined by the Board of Commissioners as follows:

- (a) The refunding of the Refunded Bonds as set forth herein through the issuance of the Bonds will result in the reduction in debt service payable by the City over the term of the Refunded Bonds thereby effecting a cost savings to the public;
- (b) It is advantageous to the City to deposit a portion of the proceeds from the sale of the Bonds and other funds of the City, if any, with the Trustee of the Refunded Bonds, which shall be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds.
- (c) The City hereby determines that all limitations upon the issuance of Bonds have been met and the Bonds are being authorized, issued and sold in accordance with the provisions Chapter 6-8B, Sections §§ 6-8B-30 to 6-8B-52 inclusive, of the South Dakota Codified Laws.

SECTION 3. Authorization of Bonds, Pledge of Revenue and Security.

3.1. Authorization of Bonds. The City hereby determines and declares it necessary to issue Bonds in a principal amount of not to exceed \$2,190,000, plus costs of issuance and any reserve fund requirement. The Bonds are issued for the purpose of refunding the Refunded Bonds and paying Issuance Costs, including proper reimbursements, and will be payable from a segregated special charge or surcharge established for the services of the facilities financed by the Refunded Bonds.

3.2. Approval of Bonds. The issuance of Bonds in the principal amount not to exceed \$2,190,000, plus costs of issuance and any reserve fund requirement, shall be and the same is, in all respects, hereby authorized, approved, and confirmed and the Mayor, Finance Officer, and other appropriate officials shall be and are hereby authorized and directed to execute and seal the Bonds and deliver the Bonds to the Underwriter, for and on behalf of the City, upon receipt of the purchase price, and to use the proceeds thereof in the manner set forth herein. The Mayor and Finance Officer are hereby authorized to approve the final terms of the Bonds and their execution and delivery thereof shall evidence that approval. The Revenue Bonds shall be issued under the authority of SDCL Chapter 6-8B, and the provisions of the Act are hereby expressly incorporated herein as provided in Section 19 of the Act.

3.3. Pledge of Revenues. The Bonds together with the interest thereon, shall not constitute a charge against the City's general credit or taxing power, but shall be a limited obligation of the City payable solely out of the Project Debt Service Account, which payments, revenues and receipts are hereby pledged and assigned for the equal and ratable payments of the Bonds and shall be used for no other purpose than to pay the principal of and interest on the Bonds, except as may be otherwise expressly authorized (including the purpose of securing Additional Bonds issued as permitted by the terms thereof). The City covenants and agrees to charge rates for all services from the Project or establish special charges or surcharges which will be sufficient to provide for the payments upon the Bonds issued hereunder as and when the same become due, and as may be necessary to provide for the operation and maintenance and repairs of the Project, and depreciation, and the rate resolution or ordinance shall be revised from time to time so as to produce these amounts. The City hereby reserves the right to determine on a periodic basis the appropriate allocation of operation and maintenance expenses, depreciation, repair and reserves associated with the facilities financed with the Bonds, provided that such determination of allocable operation and maintenance expenses shall in no event abrogate, abridge or otherwise contravene any covenant of the City set forth in this Resolution.

SECTION 4. Special Charge or Surcharge for Bonds.

4.1. The City has established the special charge or surcharge payable by every customer of its electric system who receives or benefits from the services of the Project. Such charge or surcharge shall be set at a level which, assuming a 1.25 coverage ratio, will produce income at the times and in amounts sufficient to pay when due the principal of and interest on the Bonds and all other payments as may be required under this Resolution and Bonds.

4.2. The special charge or surcharge shall be segregated from other revenues of the System and shall be used for the payment of the principal and interest, when due on the Bonds. The special charge or surcharge shall create net income used first for paying debt service fund annual requirements and shall be maintained at not less than 100% of the debt service requirements on the Bonds.

4.3. Rates and collection. The rate herein specific will be collected as a special charge or surcharge for the Project. This special charge or surcharge shall remain in effect until such time as the Bonds is defeased or paid in full.

4.4. Segregation. The Finance Officer shall setup bookkeeping accounts in accordance with South Dakota Legislative Audit guidelines for the segregation of the revenue, special charges and surcharges.

4.5. Periodic review. The amount of the surcharge shall be reviewed from time to time, not less than yearly, and shall be modified in order to produce such funds as are necessary and required to comply with the rate covenant and to pay principal of, interest on the Bonds when due. The surcharge shall be applicable to all customers served whether in or out of the city. The surcharge shall remain in effect until such time as the Bonds are discharged or defeased. The initial 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 improvement. The surcharge may be set by ordinance or resolution in accordance with this section. The rate ordinance or resolution shall be necessary for the support of government and shall be effective upon passage.

4.6. The charges shall be reviewed yearly by city personal and administratively adjusted, upwards or downwards, pursuant to SDCL § 9-40-15 to such amounts as may be necessary to pay principal, interest, maintain any coverage requirements and other charges as may become due and owing under the Bonds.

SECTION 5. Additional Bonds. As permitted by Section 8 and 9 of the Act, additional bonds payable from revenues and income of the System or Project may be issued, as permitted in the section, 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 may issue additional bonds (the “Parity Bonds”) payable from the Pledged Revenues and having a lien upon such revenues on a parity with the Bonds and the Outstanding Parity Bonds providing that:

5.1. the City is current in the payment of principal and interest on the Outstanding Bonds and is current in the collections required for the Principal and Interest Account.

5.2. the Pledged Revenues collected by the City in the last preceding fiscal year are sufficient to cover 1.25 times the maximum annual principal and interest requirements on the Outstanding Bonds and the proposed Parity Bonds. The City shall have the right to issue additional bonds secured by a lien subordinate to the lien from the Bonds.

SECTION 6. Project Fund Accounts. For the purpose of application and proper allocation of the income of the Project and to secure the payment of principal and interest on the Bonds, the following mandatory asset segregations shall be included in the electric utility system account of the City and shall be used solely for the following respective purposes until payment in full of the principal of and interest on the Bonds:

6.1. Project Revenue Account. There shall be deposited periodically into the Project Revenue Account the net revenues as defined in Section 17 of the Act derived from the operation of the Project collected pursuant to the ordinances and resolutions of the City of

Madison, South Dakota (collectively the "Rate Ordinance"). Moneys from the Project Revenue Account shall be transferred periodically into separate funds and accounts as provided below.

6.2. Project Debt Service Account. Out of the revenues in the Project Revenue Account, there shall be set aside no later than the 25th day of each month into the account designated Project Debt Service Account, a sum sufficient to provide for the payment as the same become due of the next maturing principal and interest payment on the Bonds and any reserve determined by the City's governing body to be necessary.

6.3. Project Debt Service Reserve Account. Upon issuance of the Bonds, the City shall cause the transfer of the debt service reserve for the Refunded Bonds to the Project Debt Service Reserve Account in an amount to equal the Debt Service Reserve Requirement. Thereafter, the City Commission shall maintain the Debt Service Reserve Account at the Debt Service Reserve Requirement.

6.4. Project Surplus Account. There shall be established the Project Surplus Account. Revenues remaining in the Project Revenue Account at the end of any fiscal year after all periodic transfers have been made therefrom as above required, shall be deemed to be surplus and shall be transferred to the Project Surplus Account. If at any time there shall exist any default in making any periodic transfer to the Project Debt Service Account, the Commission shall authorize the City Finance Officer to rectify such default so far as possible by the transfer of money from the Project Surplus Account. If any such default shall exist as to more than one account or fund at any time, then such transfer shall be made in the order such funds and accounts are listed above.

When not required to restore a current deficiency in the Project Debt Service Account, moneys in the Project Surplus Account from time to time may be used for any of the following purposes and not otherwise:

- (a) To redeem and prepay the Bonds when and as such Bonds become prepayable according to its terms;
- (b) To pay for repairs of or for the construction and installation of improvements or additions to the System; and, if the balances in the Project Debt Service Account are sufficient to meet all payments required or reasonably anticipated to be made there from prior to the end of the then current fiscal year, then;
- (c) To be held as a reserve for redemption and prepayment of any bonds of the System which are not then but will later be prepayable according to their terms; or
- (d) To be used for any other authorized municipal purpose designated by the Commission.

No moneys shall at any time be transferred from the Project 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.

SECTION 7. Call of Refunded Bonds. The Refunded Bonds shall be called on or after earliest possible optional redemption date after which date said bonds shall cease to accrue interest. The City reserves the right not to call one or more series or a portion thereof if interest savings do not warrant said refunding. Notice of the City's intention to refund the Refunded Bonds shall be shall be posted on <http://emma.msrb.org> within 10 days of the passage of this Resolution and be given, at the direction of the Finance Officer, by the respective paying agent for the Refunded Bonds, to the respective

registered owners of the Refunded Bonds. Such notice shall be in substantially the form as provided in Exhibit A attached hereto and by this reference made a part hereof.

SECTION 8. Registrar and Paying Agent Appointment and Acceptance of Duties.

The City hereby authorizes the Finance Officer to appoint the Registrar and Paying Agent with respect to the Bonds and authorizes and directs the Registrar and Paying Agent to maintain bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the City, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the City at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the City at least annually an audit confirmation of Bonds paid, Bonds Outstanding and payments made with respect to interest on the Bonds. The President and the Finance Officer, or either of them is hereby authorized to execute and the Finance Officer is hereby authorized to attest such written agreement between the City and the Registrar and Paying Agent as they shall deem necessary or proper with respect to the obligations, duties and rights of the Registrar and Paying Agent. The payment of all reasonable fees and expenses of the Registrar and Paying Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

SECTION 9. Distribution of Proceeds. The proceeds of the sale of the Bonds shall be disbursed as follows:

- (a) An amount representing accrued interest on the Bonds from the dated date to the closing date shall be deposited to the appropriate fund of the City to be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds.
- (b) An amount which, together with other legally available funds of the City, if any, and investment earnings thereon and on said Bond proceeds, will be sufficient to pay principal of and premium and interest on the Refunded Bonds to their earliest optional redemption dates.
- (c) The remaining proceeds of the sale of the Bonds shall be used to pay the costs of issuance and sale of the Bonds including surety bond costs, necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, rating agency fees, Paying Agent and Registrar fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

SECTION 10. Form, Terms, Execution, And Transfer Of Bonds

10.1. Authorized Bonds.

The aggregate principal amount of Bonds that may be issued under this Resolution shall not exceed Two Million One Hundred Ninety Thousand Dollars (\$2,190,000).

10.2. Form of Bonds; Execution.

- (a) The Bonds are issuable only as fully registered Bonds, without coupons, in denominations of Five Thousand Dollars (\$5,000) or any integral multiple thereof (but no single Bond shall represent installments of principal maturing on more than one date).
- (b) The Bonds shall be executed in such manner as may be prescribed by applicable law in the name and on behalf of the City with the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the Finance Officer, and approved as to form and countersigned by a Resident Attorney by his manual or facsimile signature.
- (c) In the event any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such manual or such facsimile signature shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until such delivery. Any Bond may bear the facsimile signature of, or may be manually signed by, such individuals who, at the actual time of the execution of such Bond, were the proper officers of the City to sign such Bond, although on the date of the adoption by the City of this Resolution, such individuals may not have been such officers.

10.3. Maturities, Interest Rates, and Certain Other Provisions of Bonds.

- (a) The Bonds shall become due and payable as set forth in the Bond Purchase Agreement.
- (b) The Bonds shall be designated "Electric Revenue Refunding Bonds, Series 2021", or such other designation as shall be determined by the City Commission. The Bonds shall bear interest 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 Bond is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on Interest Payment Dates. Interest on each Bond shall be paid by wire transfer, check or draft of the 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 Record Date. The principal of the Bond shall be payable in lawful money of the United States of America at the principal office of the Paying Agent on the Bond Payment Date. Each Bond shall state that it is issued pursuant to SDCL § 6-8B-30 through 6-8B-52.
- (c) The Registrar shall make all interest payments with respect to the Bonds on each interest payment date directly to the registered owners as shown on the bond registration records maintained by the Registrar and Paying Agent as of the close of business on the Record Date by wire transfer, check or draft mailed to such owners at their addresses shown on said bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the City in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such Bonds to the Registrar and Paying Agent as the same shall become due and payable.

10.4. Negotiability of Bonds.

All Bonds issued under this Resolution shall be negotiable, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds.

10.5. Registration, Transfer and Exchange of Bonds.

(a) The Bonds are transferable only by presentation to the Registrar by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registrar and Paying Agent shall issue a new Bond or Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registrar and Paying Agent shall not be required to transfer or exchange any Bond during the period commencing on a Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the City to call such Bond for redemption; provided, the Registrar and Paying Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the City nor the Registrar shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. Bonds, upon surrender to the Registrar and Paying Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Bonds of the same maturity in any authorized denomination or denominations.

(b) Except as otherwise provided in this subsection, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody. Unless otherwise provided herein, a Book-Entry System shall be employed, evidencing ownership of the Bonds in authorized denominations, with transfers of beneficial ownership affected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are herein referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE REGISTRAR SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRAR AND PAYING AGENT TO TAKE OR

NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid by the Registrar and Paying Agent directly to DTC or its nominee, Cede & Co., as provided in the Letter of Representation. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. Neither the City nor the Registrar and Paying Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the City determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the City may discontinue the Book-Entry System with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City shall cause the Registrar and Paying Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner.

NEITHER THE CITY NOR THE REGISTRAR AND PAYING AGENT SHALL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OF OWNERSHIP OF ALL THE BONDS IS MAINTAINED IN ACCORDANCE HEREWITH, THE PROVISIONS OF THIS RESOLUTION RELATING TO THE DELIVERY OF PHYSICAL BOND CERTIFICATES SHALL BE DEEMED INAPPLICABLE OR BE OTHERWISE SO CONSTRUED AS TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM. IF THE PROVISIONS OF THE LETTER OF REPRESENTATION SHALL BE IN CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION AS SAID PROVISIONS RELATE TO DTC, THE PROVISIONS OF THE LETTER OF REPRESENTATION SHALL CONTROL.

10.6. Mutilated, Lost, Stolen, or Destroyed Bonds.

(a) In the event any Bond is mutilated, lost, stolen, or destroyed, the City may execute, and upon the request of an Authorized Officer of the City the Registrar and Paying Agent shall authenticate and deliver, a new Bond of like maturity, interest rate, and principal amount, and bearing the same number (but with appropriate designation indicating that such new Bond is a replacement Bond) as the mutilated, destroyed, lost, or stolen Bond, in exchange for the mutilated Bond or in substitution for the Bond so destroyed, lost, or stolen. In every case of exchange or substitution, the Bondholder shall furnish to the City and the Registrar and Paying Agent: (1) such security or indemnity as may be required by them to save each of them harmless from all risks, however remote; and, (2) evidence to their satisfaction of the

mutilation, destruction, loss, or theft of the subject Bond and the ownership thereof. Upon the issuance of any Bond upon such exchange or substitution, the City and the Registrar and Paying Agent may require the Owner thereof to pay a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including printing costs and counsel fees, of the City and the Registrar and Paying Agent. In the event any Bond which has matured or is about to mature shall become mutilated or be destroyed, lost, or stolen, the City may, instead of issuing a Bond in exchange or substitution therefore, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the Owner thereof shall pay all costs and expenses, including attorney's fees, incurred by the City and the Registrar and Paying Agent in connection herewith, as well as a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and shall furnish to the City and the Registrar and Paying Agent such security or indemnity as they may require to save them harmless and evidence to the satisfaction of the City and the Registrar and Paying Agent the mutilation, destruction, loss, or theft of such Bond and of the ownership thereof.

(b) Every Bond issued pursuant to the provisions of this Section shall constitute an additional contractual obligation of the City (whether or not the destroyed, lost, or stolen Bond shall be found at any time to be enforceable) and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(c) All Bonds shall be held and owned upon the express condition that the provisions of this Section are exclusive, with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Bonds, and, to the maximum extent legally permissible, shall preclude all other rights or remedies, notwithstanding any law or statute now existing or hereafter enacted to the contrary.

10.7. Authentication.

The Registrar is hereby authorized to authenticate and deliver the Bonds to the Underwriter or as it may designate upon receipt by the City of the proceeds of the sale thereof, to authenticate and deliver Bonds in exchange for Bonds of the same principal amount delivered for transfer upon receipt of the Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Bonds shall not be valid for any purpose unless authenticated by the Registrar by the manual signature of an officer thereof on the certificate set forth herein on the Bond form.

10.8. Qualification for DTC.

The Registrar is hereby authorized to take such actions as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by the DTC (or any of its designees identified to the Registrar and Paying Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the Owners of the Bonds, provided, however, that the Registrar and Paying Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

10.9. Underwriter.

The Mayor and Finance Officer have authorized to retain the Underwriter for the Bonds upon such terms as they approve.

10.10. Rating Agency.

The City is authorized to enter into an agreement with a Rating Agency as may be required under the Purchase Agreement. Any terms or conditions of the Rating Agency shall be attached to this Resolution and incorporated herein as if stated in full.

10.11. Bond Counsel.

The Mayor and Finance Officer are authorized to retain Bond Counsel upon such terms as they approve.

SECTION 11. Tax Matters.

The Interest on the Bonds shall be includable in gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (“the Code”) and applicable Treasury Regulations (the “Regulations”).

SECTION 12. Covenants.

The City hereby covenants and agrees with the owners of the Bonds as follows:

12.1. The City will punctually perform all duties with reference to the Project, the System and the Bonds required by the constitution and laws of the State of South Dakota and by this resolution.

12.2. The City covenants and agrees that pursuant to Sections 25 through 27 of the Act, the lawful holders of the Bonds shall have a statutory mortgage lien upon the Project and the extensions, additions and improvements thereto acquired pursuant to the Act, until the payment in full of the principal and interest on the Bonds, and the City agrees not to sell or otherwise dispose of the System, the Project, or any substantial part thereof, and shall not establish, authorize or grant a franchise for the operation of any other utility supplying like products or services in competition therewith, or permit any person, firm or corporation to compete with it in the distribution of water for municipal, industrial, and domestic purposes within the City.

12.3. The City covenants and agrees with the owners of the Bonds that it will maintain the System in good condition and operate the same in an efficient manner and at a reasonable cost, so long as any portion of the Bonds remains outstanding; that it will maintain insurance on the System for the benefit of the holders of the Bonds in an amount which usually would be carried by private companies in a similar type of business; that it will prepare, keep and file records, statements and accounts as provided for in this Resolution. The Bonds shall refer expressly to this Resolution and the Act and shall state that it is subject to all provisions and limitations thereof pursuant to Series 19 of the Act.

12.4. The City covenants and agrees that it will at all times comply with the Code and Regulation so that the interest on the Bonds not be includable in gross income for federal income tax purposes.

SECTION 13. Consent to Appointment. In the event of mismanagement of the Project, a default in the payment of the principal or interest of the Bonds, or in any other condition thereof materially affecting the lawful holder of the Bonds, or if the revenues of the Project are dissipated, wasted or diverted from their proper application as set forth herein, the City hereby consents to the appointment of a receiver pursuant to Section 33 of the Act, and agrees that the receiver will have the powers set forth therein, and in Section 34 and 35 of the Act to operate and administer the Project, and charge and collect rates as described therein.

SECTION 14. Severability. If any section, paragraph, clause or provision of this Resolution, the Bonds, or any agreement pertaining hereto shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Resolution or Bonds, or any other documents pertaining hereto.

SECTION 15. Authorization of City Officials. The Mayor, Finance Officer and other City Officials shall be and they are hereby authorized to execute and deliver for and on behalf of the City any and all other certificates, documents or other papers and to perform such other acts as they may deem necessary or appropriate in order to implement and carry out the actions authorized herein.

SECTION 16. Sale of Bonds and Registered Bonds. The Bonds shall be sold to the Underwriter at a price to be set forth in the Bond Purchase Agreement. The Mayor and the Finance Officer, or either of them, in consultation with the Underwriter, are authorized to make such changes in the structuring of the terms and sale of the Bonds as they shall deem necessary to maximize the savings from the refunding of the Refunded Bonds. In this regard, they, or either of them, in consultation with the Underwriter, are authorized to cause to be sold an aggregate principal amount of the Bonds less than that authorized herein cause fewer than all the Refunded Bonds to be refunded, to sell any or all of the Bonds as term Bonds with annual mandatory redemption requirements which will produce substantially the same annual principal reductions as authorized herein, to change the dated date of the Bonds, and to adjust principal and interest payment dates and redemption dates of the Bonds. The Mayor and the City Finance Officer, or either of them, are hereby authorized to execute and the City Finance Officer is authorized to attest the Bond Purchase Agreement with the Underwriter providing for the purchase and sale of the Bonds. The Bond Purchase Agreement shall be in form and content acceptable to the Mayor and Finance Officer, the execution thereof by either of them to constitute conclusive evidence thereof; provided the Bond Purchase Agreement effects the sale of the Bonds in accordance with the provisions of this Resolution and is not inconsistent with the terms hereof. The Mayor and the City Finance Officer are authorized to cause the Bonds to be authenticated and delivered by the Paying Agent and Registrar to the Underwriter and to execute, publish, and deliver all certificates and documents including the Official Statement and closing certificates and documents as they shall deem necessary in connection with the sale and delivery of the Bonds.

The Bonds are issuable only as fully registered Bonds, without coupons, in the denomination of Five Thousand Dollar (\$5,000.00) or any integral multiple thereof.

The Bonds shall be executed in such manner as may be prescribed by applicable law in the name and on behalf of the City with the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the Finance Officer, and approved as to form and countersigned by a Resident Attorney by his manual or facsimile signature.

In the event any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such manual or such facsimile signature shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until

such delivery. Any Bond may bear the facsimile signature of, or may be manually signed by, such individuals who, at the actual time of the execution of such Bond, were the proper officers of the City to sign such Bond, although on the date of the adoption by the City of this Resolution, such individuals may not have been such officers.

The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the City to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the City nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Bonds of the same maturity in any authorized denomination or denominations.

In the event any Bond is mutilated, lost, stolen, or destroyed, the City may execute, and upon the request of an Authorized Officer of the City the Registration Agent shall authenticate and deliver, a new Bond of like maturity, interest rate, and principal amount, and bearing the same number (but with appropriate designation indicating that such new Bond is a replacement Bond) as the mutilated, destroyed, lost, or stolen Bond, in exchange for the mutilated Bond or in substitution for the Bond so destroyed, lost, or stolen. In every case of exchange or substitution, the Bondholder shall furnish to the City and the Registration Agent: (1) such security or indemnity as may be required by them to save each of them harmless from all risks, however remote; and, (2) evidence to their satisfaction of the mutilation, destruction, loss, or theft of the subject Bond and the ownership thereof. Upon the issuance of any Bond upon such exchange or substitution, the City and the Registration Agent may require the Owner thereof to pay a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including printing costs and counsel fees, of the City and the Registration Agent. In the event any Bond which has matured or is about to mature shall become mutilated or be destroyed, lost, or stolen, the City may, instead of issuing a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the Owner thereof shall pay all costs and expenses, including attorneys' fees, incurred by the City and the Registration Agent in connection herewith, as well as a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and shall furnish to the City and the Registration Agent such security or indemnity as they may require to save them harmless and evidence to the satisfaction of the City and the Registration Agent the mutilation, destruction, loss, or theft of such Bond and of the ownership thereof.

Every Bond issued pursuant to the provisions of this section shall constitute an additional contractual obligation of the City (whether or not the destroyed, lost, or stolen Bond shall be found at any time to be enforceable) and shall be entitled to all the benefits of this Bond Resolution equally and proportionately with any and all other Bonds duly issued under this Bond Resolution.

All Bonds shall be held and owned upon the express condition that the provisions of this Section are exclusive, with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Bonds, and, to the maximum extent legally permissible, shall preclude all other rights or remedies, notwithstanding any law or statute now existing or hereafter enacted to the contrary.

The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the Underwriter or as it may designate upon receipt by the City of the proceeds of the sale thereof, to authenticate and deliver Bonds in exchange for Bonds of the same principal amount delivered for transfer upon receipt of the Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an officer thereof on the certificate set forth herein on the Bond form.

SECTION 17. Effective Date. This Resolution shall take effect upon publication passage.

Adopted at City of Madison, South Dakota, this 25th day of January, 2021.

CITY OF MADISON:

/s/Marshall Dennert
Mayor

(SEAL)

Attest: /s/Sonya Wilt
Finance Officer

Published once at the approximate cost of \$__.

**EXHIBIT A
NOTICE OF REDEMPTION OF
TAXABLE ELECTRIC GENERATION REVENUE REFUNDING BONDS, SERIES 2013
OF THE CITY OF MADISON
LAKE COUNTY
STATE OF SOUTH DAKOTA**

Notice is hereby given to the owners and holders of following Bonds named in the above caption that the City of Madison, Lake County, State of South Dakota has exercised its option to call for redemption and payment all of said Bonds prior to their maturity, and such Bonds will be paid on _____ 1, 2021 upon surrender of said Bonds, and such payment will be at a price of par plus accrued interest up to and including _____ 1, 2021.

<u>Maturity Date</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>	<u>CUSIP</u>
December 15, 2021	\$ 315,000	3.150	55821R AG6
December 15, 2022	325,000	3.400	55821R AH4
December 15, 2023	350,000	3.500	55821R AJ0
December 15, 2024	365,000	3.650	55821R AK7
December 15, 2025	780,000	3.750	55821R AL5
	<u>\$2,135,000.00</u>		

The Bonds are being called pursuant to a Resolution dated January 25, 2021 of the City of Madison, at the above principal amount of each such Bond, together with interest accrued to the Redemption Date. From and after Redemption Date, interest on the Bonds hereby called shall cease, provided funds have been deposited with us to effect the redemption.

The redemption to be effected is conditioned on receipt by the Paying Agent on or before the Redemption Date of moneys sufficient to pay the redemption price of and interest on the Bonds to be redeemed. If moneys sufficient to pay the redemption price of and interest on such Bonds are not received by the Paying Agent on or before the Redemption Date, the redemption shall not be made and the Paying Agent will, within a reasonable time thereafter give a rescission notice, in the manner in which the notice of redemption was given.

Payment of the Bonds called for redemption will be made upon presentation and surrender of such 2014 Bonds at US Bank National Bank, St. Paul, Minnesota. The called Bonds should be presented as follows:

US Bank National Bank,
60 Livingston Avenue
St. Paul, MN 55107
Attention: Corporate Trust

When inquiring about this redemption, please have the Certificate Number available. Please inform the customer service representative of the CUSIP number(s) of the affected Certificate(s). Customer Service may be reached at (800) 934-6802.

US Bank National Bank, St. Paul, Minnesota
As Registrar and Paying Agent

Dated:

In compliance with United States Federal Tax Laws, redeeming institutions are required to withhold taxes at the applicable rate from the payment if they are not provided with your social security number or federal employer identification number, properly certified. This requirement is fulfilled through the submitting of IRS Form W-9, which may be obtained at a bank or other financial institution. The Issuer and Paying Agent shall not be responsible for the selection of or use of CUSIP numbers, nor is any representation made as to their correctness indicated in this Notice of Redemption. They are included solely for the convenience of the holders.