**LEOLA CITY COUNCIL MEETING**

**August 6, 2018**

**The Leola City Council met in the Council Room of the Municipal Building in regular session on Monday, August 6th, 2018. Mayor Jessica Lipke called the Meeting to order at 7:30 P.M. with the following Council Members present: Lindsey Bollinger, Tim Collins, Dana Leibel, Richard Reis, Michael Yost, along with the Finance Officer Kappes. Absent: Jackie Rau. Also, present: Julie Johnson, Community Grant Writer, Deputy Sheriff Allie Hilgemann, Keenan Stoecker and Jacki Hoffman.**

**Council Member Lindsey Bollinger moved, with a second by Council Member M. Yost, to approve the minutes of the July Council Meetings. All present Council Members voted in favor. Motion carried.**

**Council Member Leibel moved, with a second by Council Member Reis, to accept the Monthly Treasurer’s Report. All present Council Members voted in favor. Motion carried.**

**Council Member Leibel moved, with a second by Council Member Collins, to add the Council President as an authorized signer being two of the three signatures required on city checks, with the Mayor & the Finance Officer. All present Council Members voted in favor. Motion carried.**

**The Council examined the following bills:**

**Maintenance Salaried Payroll August Streets & Park Fund Salary, Matches & Benefits 3,178.49**

**Finance Office Salaried Payroll August Finance Office Salary, Matches & Benefits 3,759.49**

**Maintenance/Water & Sewer Dept. Payroll August Water & Sewer Salary, Matches & Benefits 3,237.93**

**Council Payroll July Hours-C & M Citizen’s Food Boxes Pay 19.05**

**Maintenance Fill In Hours July Fill In Hours on Houses Demo & Moving Dirt 228.90**

**West Nile Spraying Payroll July Hours to Spray Mosquitos - J. Tschappat 96.76**

**Gov’t Bldg. Payroll-Janitor July Janitor Hours-Govt Bldgs. 757.38**

**Office Department Payroll July Water & Sewer-May Hours 757.38**

**Zoning Payroll July-Building Permits, etc. 129.18**

**Library Payroll July-Librarians Hours & Fill In Librarian 690.98**

**Lifeguard Payroll July-Lifeguard-Pool Hours 4,863.77**

**Lifeguard Payroll August Final Lifeguard Pool Hours-Cole Franck 566.78**

**A & B Business, Inc. Office Supplies 212.03**

**Agtegra Cooperation Miscellaneous Parts & Repairs 1,188.52**

**American Red Cross Red Cross Fee & Approval 200.00**

**Ameripride Linen & Uniform Services Paper Service, Mops, Deodorizers, etc. 135.98**

**Beck Law Office Attorney Services & Mileage 421.00**

**Bollinger Construction Labor-jackhammer/remove sidewalk, cleanup, prep & pour cement 2,775.52**

**CorInsurance Endorsement Change on Insurance 239.00**

**CorTrust Bank Nonsufficient Return Check Charge 4.00**

**CorTrust Visa Parts Needed for Loader from ACS Industries, Inc. 596.82**

**CorTrust Visa Microsoft Office 365 106.49**

**Curt’s Repair Flats & Oil Switch 64.58**

**Dependable Sanitation Inc. City & Remaining Seasonal Regular Garbage Collection 80.00**

**4DK Electric**  **Labor on Wiring Chemical Pump-Pool & Wiring Generator 967.88**

**Gene’s Oil Company July Gas & Diesel**   **494.35**

**Habitat Management Solutions LLC Contract Spraying, Roundup Power Max-Lagoon Discount 314.00**

**Hawkins, Inc. Pool Supplies**   **1,627.67**

**Homestead Building Supply Supplies & Materials 35.35**

**Hutchins, Tracey Mileage to Aberdeen-2 Trips-Mower Blades & Keys 67.20 J. Gross Equipment, Inc. Air Cleaner 5088-10 & Freight 110.91**

**J. P. Cooke Company 2019 Dog Tags, License Receipt Book, Rings & Shipping 75.65**

**Kamen Equipment Inc. Hub & 6 Blades - Farm King 460.37**

**Leola Public Library Reimbursement for Books 69.65**

**McPherson County Sheriff’s Office County Law Enforcement for 3rd Qtr. 11,250.00**

**McPherson County Herald Publishing 192.13**

**Montana-Dakota Utilities Electricity 2,841.77**

**Olson, Dennis M. Labor Code Enforcement Officer & Expenses Over Contract 266.48**

**Readi Tech-DRN Labor on Library Computers 282.17**

**Rod Hoffman Construction Labor To Fix Shut Offs 760.00**

**Rural Development 76th Loan Payment-Sewer Project 4,021.00**

**Share Corporation 5 Gallons Germicidal Cleaner 132.34**

**South Dakota Dept. of Revenue-Lab Coliform Water Testing 15.00**

**South Dakota One Call 15 Locates 15.75**

**Spitzer, August Water Deposit Refund After Any Final Water Use 20.00**

**Ten – 45 Grocery Cleaning Supplies-Govt Bldgs. 31.72**

**Titan Machinery/Productivity Plus Account Spindle Assy & Skidster Key 136.15**

**Valley Telecommunications Phones, Faxing & Internet 434.75**

**Walz, Pam Book Reimbursement 260.62**

**Walz, Pam Reimbursement-Mileage - Food Baskets 33.60**

**WEB Water July Water Use 5,617.85**

**Wolf, Duane Two Stumps Removed 50.00**

**After discussion, Council Member M. Yost moved to pay the above bills. Council Member Reis seconded the motion. All present Council Members voted in favor. Motion carried.**

**WATER PROJECT BILLS TO BE APPROVED & PAID –ONCE FUNDING IS RECEIVED**

**Helms & Associates 5% Contract Complete 8,325.00**

**After discussion, Council Member L. Bollinger moved to pay Helms & Associates for 5% of the Engineering of $8,325.00 once funding is received. Council Member M. Yost seconded the motion. All present Council Members voted in favor. Motion carried.**

**Julie Johnson, Economic Community Grant Writer updated the Council of the Steering Committees on progress. The Trails Alternative grant mtg at 9:00 A.M. on Wednesday, August 8th in the Meeting Room of the Municipal Building. Support letters are needed and along with changing the language of presentation. Helm’s and Associates will be here Wednesday for the meeting. She discussed their meeting with the County Commissioners in July, and the submission of the Rooster Run Funding Application for those coming to hunt. Also, housing needs of those building the Turkey Barns. She also discussed the next Steering Committee Meeting will be on Monday, August 13th at 6:30 before the regular School Board Meeting.**

**Jacki Hoffman updated the Council on the quotes she received from Newman Signs of $373.00 and $530 from Geffdog. Council Member Reis moved to have the Committee purchase the signs. Council Member L. Bollinger seconded the motion. All Council Members voted in favor. Motion carried.**

**April Buller, Clark Engineering gave a presentation on the signage project to be started this summer under the state’s allocated funds for a signage program the city applied for years back and state does so many each year. They would survey current signage for truck route, stop signs, speed signs, street signs and any other signs we have, and they will need to be maintained by the city. Plans should be done by December 2018 with signs to be placed and updated by 2020. April Buller left the meeting.**

**Glenn Spitzer, McPherson County Highway Superintendent discussed the completed road work with the Council, available budget, the cost of doing two tankers of oil and screening our pearock and using it this year on our street. Council Member Jackie Rau joined the meeting at 8:27 P.M. Spitzer also discussed the available LTAP training with the Council. Spitzer informed the Council; Chris Christianson at Flint Hills should be contacted to get a copy and permission to purchase off the County’s bid. Glenn Spitzer left the Council Meeting**

**Mike Olson, OCCS and Holly Mueller, Pool Manager joined the meeting at 8:15 P.M.**

**McPherson County Deputy Sheriff Allie Hilgemann came before the Council with the Monthly Law Enforcement Report and discussed with the Council she will be taking the ten-week first responders’ course. The Council gave permission to use the time toward her law enforcement hours.**

**At 8:30 P.M., Mike Olson OCCS, Code Enforcement Specialist, went over the list of violations. He had contacted the property owners about and discussed those that complied and those that hadn’t. Some of those he gave time extensions to and that it was now time to abate. He will discuss what needs cleaned and what needs to be moved with the property owner. Julie Johnson and Mike Olson left the Council Meeting at 9:05 P.M.**

**The Council examined the Monthly Library Report.**

**Holly Mueller, Pool Manager came before the Council to discuss Pool issues along with the fact the pool would be open limited hours due to having only five lifeguards to finish the pool season. She also informed the Council the ordered signs had not yet been delivered.**

**The Council discussed the problem with wasps at the park by the swing set and park equipment.**

**Holly Mueller also spoke to the Council as a concerned citizen. She discussed the cat issues on her side of town, due to stray cats. The Council discussed the possibility of limiting the number of cats or issuing cat licenses.**

**The Council discussed that the list of materials needed for the project to get water service are on order.**

**The Council discussed that Hydro Clean would be here Wednesday, August 15th to clean a third of the sewer mains in town. A warning notification through Valley’s Notify Plus will go out notifying those who requested to be notified of the sewer cleaning.**

**The Council discussed that the water in the water tower was too low to fill firetrucks after a fire.**

**Keenan Stoecker and Jacki Hoffman left the meeting at 9:25 P.M.**

**The Council discussed the Helicopter would be in town on Sunday, August 12th to train First Responders.**

**The Council discussed city equipment sitting outside, with doors open and that storage space was increased so equipment can be stored inside.**

**July Issued Building Permits: Angie Mestas #18-14, Trevor VanTilburg & Brittnay Vetter #18-15, Don Hoffman #18-16, Allie Hilgemann #18-17, James Hoffman Jr.#18-18 and MDU #18-19. The Council discussed the quarterly Zoning Board Meeting held at 7:00 P.M. prior to the August 6th City Council Meeting and the variance issued to Mryssa Murray.**

**Finance Officer Kappes discussed recent federal audit requirements, the bidding of engineers to a lot of other federal requirements that have come down and the fact that at least the bidding of Engineers was to late with the agreement already entered and the surveying and expenses were already being submitted. She had spoken to Rod Fortin, Dept of Legislative about possibly still bidding Engineering or it being an audit finding as some of the other cities are now finding out. She also called Maps and NECOG and that we already too far into the project to have another engineer start from the beginning as surveying is being done and funding has been awarded.**

**The Council discussed the water project and to have compacting tests done of the streets this time and to have included in the bids.**

**Council Member Jackie Rau introduced the following resolution and moved for its adoption. Council Member Richard Reis seconded the same. All voted in favor. Resolution 18-04 was read as follows:**

**RESOLUTION NO. 18-4**

**RESOLUTION GIVING APPROVAL TO CERTAIN DRINKING WATER FACILITIES IMPROVEMENTS; GIVING APPROVAL TO THE ISSUANCE AND SALE OF A REVENUE BOND TO FINANCE, DIRECTLY OR INDIRECTLY, THE IMPROVEMENTS TO THE FACILITIES; APPROVING THE FORM OF THE LOAN AGREEMENT AND THE REVENUE BOND AND PLEDGING PROJECT REVENUES AND COLLATERAL TO SECURE THE PAYMENT OF THE REVENUE BOND; AND CREATING SPECIAL FUNDS AND ACCOUNTS FOR THE ADMINISTRATION OF FUNDS FOR OPERATION OF THE SYSTEM AND RETIREMENT OF THE REVENUE BOND 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 Legislature is to provide for financing the acquisition, maintenance, operation, extension or improvement of any system or part of any system of waterworks for the purpose of providing water and water supply for domestic, municipal, 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 utility previously owned without pledging its credit and is authorized to pledge the net income or revenues from the Project in accordance with Section 15 of the Act; and,

**WHEREAS**, the City of Leola (the “City”) currently operates a water distribution system to supply municipal, industrial and domestic water to its inhabitants and has determined that improvements to the drinking water facilities are necessary for the conduct of its governmental programs and qualifies as an improvement, extension or addition to its drinking water system; and,

**WHEREAS**, the City has determined to issue its revenue bonds to finance the improvements to its system of waterworks for the purpose of providing water and water supply for domestic, municipal, and industrial purposes (the “System”) and has applied to the South Dakota Conservancy District (the “District”) for a Drinking Water State Revolving Fund Loan to finance the improvements;

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

**NOW THEREFORE BE IT RESOLVED** by the City as follows:

1. **Definitions.**

The terms when used in this Resolution shall have the following meanings set forth in this section unless the context clearly requires otherwise. All terms used in this Resolution which are not defined herein shall have the meanings assigned to them in the Loan Agreement unless the context clearly otherwise requires.

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

**“Loan”** means the Loan made by the South Dakota Conservancy District to the City pursuant to the terms of the Loan Agreement and as evidenced by the Revenue Bond.

**“Project”** means the City of Leola Drinking Water Improvement Project.

**“Revenue Bond”** means the revenue bond or bonds issued the date of the Loan Agreement by the City to the South Dakota Conservancy District to evidence the City’s obligation to repay the principal of and pay interest and Administrative Expense Surcharge on the Loan.

**“System”** means the City’s system of waterworks used for the purpose of providing water and water supply for domestic, municipal, and industrial purposes.

1. **Declaration of Necessity and Findings.** 
   1. **Declaration of Necessity**.

The City hereby declares and determines it is necessary to construct and finance improvements to its drinking water facilities within its System described as the Project.

* 1. **Findings**. The City does hereby find as follows:
     1. The City hereby expressly finds that if the Project is not undertaken, the System will pose a health hazard to the City and its inhabitants, and will make the City unable to comply with state and federal law.
     2. Because of the functional interdependence of the various portions of the System, the fact that the System may not lawfully operate unless it complies with State and federal laws, including SDCL Chapter 34A-3A, and the federal Safe Drinking Water Act, and the nature of the improvements financed, the City hereby finds and determines that the Project will substantially benefit the entire System and all of its users within the meaning of Sections 15 and 17 of the Act.
     3. The City hereby determines and finds that for the purposes of the Act, including, in particular, Sections 15 and 17 of the Act, that only the net income from the Project financed by the Revenue Bond be pledged for its payment.

1. **Authorization of Loan, Pledge of Revenue and Security**.
   1. **Authorization of Loan.** The City hereby determines and declares it necessary to finance up to $1,891,000 of the costs of the Project through the issuance of bonds payable from the revenue of the Project and other funds secured by the City. The City hereby determines that because the Revenue Bond is issued in connection with a financing agreement described in SDCL 46A-1-49, pursuant to Section 15 of the Act no election is required to issue the Revenue Bond.
   2. **Approval of Loan Agreement**. The execution and delivery of the Revenue Obligation Loan Agreement (the “Loan Agreement”), the form of which is on file with the City Finance Officer (the “Finance Officer”) and open to public inspection, between the City as Borrower and the District, is hereby in all respects authorized, approved and confirmed, and the Mayor and Finance Officer are hereby authorized and directed to execute and deliver the Loan Agreement in the form and content attached hereto, with such changes as the Attorney for the City deems appropriate and approves, for and on behalf of the City. The Mayor and Finance Officer are hereby further authorized and directed to implement and perform the covenants and obligations of the City set forth in or required by the Loan Agreement. The Loan Agreement herein referred to and made a part of this Resolution is on file in the office of the Finance Officer and is available for inspection by any interested party.
   3. **Approval of Revenue Bond**. The issuance of a revenue bond in a principal amount not to exceed $1,891,000 as determined according to the Loan Agreement in the form and content set forth in Appendix B attached to the form of Loan Agreement (the “Revenue Bond”) 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 Revenue Bond and deliver the Revenue Bond to the District, for and on behalf of the City, upon receipt of the purchase price, and to use the proceeds thereof in the manner set forth in the Loan Agreement. The Mayor and Finance Officer are hereby authorized to approve the final terms of the Revenue Bond and their execution and delivery thereof shall evidence that approval. The Revenue Bond shall be issued under the authority of SDCL Chapter 9-40 and SDCL Chapter 6-8B, and the provisions of the Act are hereby expressly incorporated herein as provided in Section 19 of the Act.
   4. **Pledge of Revenues.** The Revenue Bond 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 and in the Loan Agreement pledged and assigned for the equal and ratable payments of the Revenue Bond and shall be used for no other purpose than to pay the principal, interest and Administrative Surcharge on the Revenue Bond, except as may be otherwise expressly authorized in the Loan Agreement (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 Revenue Bond 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 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 Revenue Bond, provided that such determination of allocable operation and maintenance expenses shall in no event abrogate, abridge or otherwise contravene the covenant of the City set forth in this Section 3 or any other covenant or agreement in the Loan Agreement.
2. **Special Charge or Surcharge for Revenue Bond.**  The City does hereby create the Revenue Bond Special-Surcharge District (the “Surcharge District”) which shall include all users which benefit from the Project. There shall be charged a special charge or surcharge pursuant to Section 15 of the Act for the services provided by Project financed by the Revenue Bond. The special charge or surcharge shall be segregated from other revenues of the System and shall be used for the payment of the Revenue Bond. The special charge or surcharge shall create net income, remaining from time to time after first paying all reasonable and current expenses of maintenance, repairs, replacements and operation, sufficient to fund interest, reserve and debt service fund annual requirements and shall be 110% of the debt service requirements on the Revenue Bond.
   1. **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 Revenue Bond is defeased or paid in full.
   2. **Initial Surcharge**. The initial special charge or surcharge shall be set by resolution and collected at the same time as other charges of the utility. All users within the Surcharge District which benefit from the Project, current and future, shall be charged the special charge or surcharge. The special charge or surcharge is found to be equitable for the services provided by the Project. The special charge or surcharge shall begin at such time as will produce sufficient revenue to pay principal, interest and Administrative Surcharge on the Revenue Bond when due.
   3. **Segregation.** The Finance Officer shall set up bookkeeping accounts in accordance with South Dakota Legislative Audit guidelines for the segregation of the revenue, special charges and surcharges.
   4. **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 Loan Agreement’s rate covenant and to pay principal of, interest and Administrative Surcharge on the Revenue Bond when due. The surcharge may be set by resolution in accordance with this Section. The rate resolution shall be necessary for the support of government and shall be effective upon passage.
3. **Additional Bonds**. As permitted by Sections 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 Loan Agreement, and no provision of this Resolution shall have the effect of restricting the issuance of, or impairing the lien of, such additional parity bonds with respect to the net revenues or income from the extensions, additions or improvements. The City shall have the right to issue additional bonds secured by a lien subordinate to the lien from the Revenue Bond pursuant to the Loan Agreement.
4. **Project Fund Accounts**. For the purpose of application and proper allocation of the income of the Project and to secure the payment of principal, Administrative Surcharge and interest on the Revenue Bond, the following mandatory asset segregations shall be included in the water system account of the City and shall be used solely for the following respective purposes until payment in full of the principal, interest and Administrative Surcharge on the Revenue Bond:
   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 resolutions and ordinances of the City of Leola, South Dakota (collectively the “Rate Resolution”). Moneys from the Project Revenue Account shall be transferred periodically into separate funds and accounts as provided below.
   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 of, interest and Administrative Surcharge on the Revenue Bonds and any reserve determined by the City’s governing body to be necessary. The amount set aside monthly shall be not less than one-third of the total principal, interest, and Administrative Surcharge payable on the following February 15, May 15, August 15 or November 15 and if there shall be any deficiency in the amount previously set aside, then the amount of such deficiency shall be added to the current requirement.
   3. **Depreciation Account.** There shall be established a General Depreciation Account. Out of the revenues of the Project Revenue Account there shall be set aside each month into the General Depreciation Account an amount determined by the Common Council to be a proper and adequate amount for repair and depreciation of the Project.
   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 Common Council 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:

* + - 1. To redeem and prepay the Revenue Bond when and as such Revenue Bond becomes prepayable according to its terms;
      2. 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 and the Project Depreciation 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:
      3. 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
      4. To be used for any other authorized municipal purpose designated by the Common Council.
      5. 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.

1. **Approval of Paying Agent/Registrar.** The Revenue Bond shall be payable at the office of U.S. Bank National Association, St. Paul, Minnesota, hereby designated as paying agent and registrar.
2. **Approval of Bond Counsel.** Meierhenry Sargent LLP is hereby retained as Bond Counsel with respect to the Revenue Bond.
3. **Tax Matters**. The Interest on the Revenue Bond shall be excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (“the Code”) and applicable Treasury Regulations (the “Regulations”).
4. **Covenants.**

The City hereby covenants and agrees with the District and other owners of the Revenue Bond as follows:

* 1. The City will punctually perform all duties with reference to the Project, the System and the Revenue Bond required by the constitution and laws of the State of South Dakota and by this Resolution.
  2. The City agrees and covenants that it will promptly construct the improvements included in the Project.
  3. The City covenants and agrees that pursuant to Sections 25 through 27 of the Act, the lawful holders of the Revenue Bond 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, interest and Administrative Surcharge on the Revenue Bond, and the City agrees not to sell or otherwise dispose of the System, the Project, or any substantial part thereof, except as provided in the Loan Agreement 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.
  4. The City covenants and agrees with the District and other owners of the Revenue Bond 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 Revenue Bond remains outstanding; that it will maintain insurance on the System for the benefit of the holders of the Revenue Bond 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 and the Loan Agreement. The Revenue Bond shall refer expressly to this Resolution and the Act and shall state that it is subject to all provisions and limitations thereof pursuant to Section 19 of the Act.

1. **Depositories**. The Finance Officer shall cause all moneys pertaining to the Funds and Accounts to be deposited as received with one or more banks which are duly qualified public depositories under the provisions of SDCL Ch. 4-6A, in a deposit account or accounts, which shall be maintained separate and apart from all other accounts of the City, so long as any of the Bonds and the interest thereon shall remain unpaid. Any of such moneys not necessary for immediate use may be deposited with such depository banks in savings or time deposits. No money shall at any time be withdrawn from such deposit accounts except for the purposes of the Funds and Accounts as authorized in this Resolution; except that moneys from time to time on hand in the Funds and Accounts may at any time, in the discretion of the City’s governing body, be invested in securities permitted by the provisions of SDCL 4-5-6; provided, however, that the Depreciation Fund may be invested in such securities maturing not later than ten years from the date of the investment. Income received from the deposit or investment of moneys shall be credited to the Fund or Account from whose moneys the deposit was made or the investment was purchased, and handled and accounted for in the same manner as other moneys therein.
2. **Consent to Appointment**. In the event of mismanagement of the Project, a default in the payment of the principal or interest of the Revenue Bond, or in any other condition thereof materially affecting the lawful holder of the Revenue Bond, or if the revenues of the Project are dissipated, wasted or diverted from their proper application as set forth in the Loan Agreement, Revenue Bond, or 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 Sections 34 and 35 of the Act to operate and administer the Project, and charge and collect rates as described therein.
3. **Severability**.

If any section, paragraph, clause or provision of this Resolution, the Loan Agreement, the Revenue Bond, or any other Loan Document 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 said Loan Agreement, Revenue Bond, or any other Loan Document.

1. **Repeal of Resolution**. At such time as the Revenue Bond are defeased or paid in full, this Resolution and the special charge or surcharge shall automatically be repealed without any further action of the City.
2. **Authorization of City Officials**.

The Mayor, Finance Officer, City Attorney and 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.

1. **Effective Date**.

This Resolution shall take effect on the 20th day following its publication, unless suspended by a referendum.

Adopted at Leola, South Dakota, this 6th day of August 2018.

**APPROVED:**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Jessica Lipke, Mayor of Leola

(Seal)

Attest: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Candice Kappes, City Finance Officer

Adopted: August 6th, 2018

Published: August 15th, 2018

Effective: September 12th, 2018

**Council Member Dana Leibel introduced the following resolution and moved for its adoption. Council Member Michael Yost seconded the same. All voted in favor. Resolution 18-05 was read as follows:**

Resolution NO 18-05

A resolution providing for a Surcharge for Improvements to WATER System, for payment of A Borrower bond and yearly review of THE SURCHARGE

BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF LEOLA:

1. **Surcharge for Bond Issue.** There shall be charged a monthly Surcharge for the services provided by the improvement financed by the DW-01 Conservancy District Loan (the “Loan Agreement”). The Surcharge for the loan shall be segregated from other revenues of the city and shall be used for the payment of the borrower bond DW-01 (the “Borrower Bond”). Provided that such Surcharge shall create net income, remaining from time to time after first paying all reasonable and current expenses of maintenance, repairs, replacements and operation, sufficient to fund interest, reserve and debt service fund annual requirements.
2. **Rates and collection.** The City does hereby establish the special charge or Surcharge payable by each customer of its system who receives or benefits from the services of the project financed with the Borrower Bond. Such charge or Surcharge shall be set at a level which, assuming a 10% delinquency rate, will produce income at the times and in amounts sufficient to pay when due the principal of and interest on the Borrower Bond and the administrative expense surcharges and all other payments as may be required under the loan agreements and Borrower Bond. The collection of the Surcharge will start on a date prior to the Initial Loan Amortization Date, as defined in the Loan Agreement, that will allow the City to collect funds sufficient to pay the accrued interest on the Initial Loan Amortization Date. The City Council shall determine said date with consultation with City personnel.
3. **Borrower Bond Surcharge.** The following initial Surcharge shall be applicable to all customers served until adjusted under paragraph 5:

Borrower Bond DW-01 Surcharge: $5.00 per user.

The Surcharge shall remain in effect until such time as the Borrower Bond is paid in full. The Surcharge shall be collected at the same time as other charges of the system. The Surcharge is found to be equitable for the services provided by the improvements.

1. **Segregation.** The debt service Surcharge shall be segregated from other income of the system in a separate book keeping account and is pledged to the South Dakota Conservancy District for the payment of the loan payments on the Borrower Bond.
2. **Yearly review.** The amount of the Surcharge shall be reviewed from year to year and may be modified in order to provide such funds as are set forth herein. The charges shall be reviewed yearly by the City Council and administratively adjusted, upwards or downwards, to such amounts as may be necessary to pay principal, interest, administrative Surcharge and other charges as may become due and owing under the loan agreement or Borrower Bond.
3. **Billing and Accounting.** The Surcharge shall be included in the monthly user bill. Nothing contained herein requires the Surcharge be indicated on the billing, however, the Surcharge segregation shall be indicated on the books of the City.
4. **Automatic Repeal.** The Surcharge for the Borrower Bond shall be automatically repealed when the Borrower Bond is paid in full.
5. **Partial Invalidity**. If any one or more of the provisions of this Resolution shall be held invalid, illegal, or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof.

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|  | Jessica Lipke, Mayor |
| ATTEST: |  |
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| Candice Kappes, Leola City Finance Officer |  |

**Finance Officer Kappes informed the Council of project paperwork of letters from Allen Prince, State Historical Preservation Officer of no historical affects and Mayor Lipke sent a letter to SHPO of no effects and once SHPO send us the notification letter and paperwork to sign is sent will should be ready to get approval to apply to draw down funds.**

**Council Member Jackie Rau moved, with a second by Council Member Lindsey Bollinger to enter into a project agreement with Northeast Council of Governments for CDBG Administrative Assistance. All Council Members voted in favor. Motion carried. The agreement was signed by Mayor Lipke and attested by Finance Officer Kappes.**

**Council Member Jackie Rau introduced the following Year 2019 Budget Ordinance 2018-02, to be read the 1st time and moved for its adoption. Council Member Michael Yost seconded the motion. Upon roll call vote, all Council Members voted in favor. Motion carried. The first reading was held as follows:**

**ORDINANCE 2018-01**

**CITY OF LEOLA**

**2019 APPROPRIATION BUDGET**

**PART I:**

**Be it ordained by the City of Leola, McPherson County, South Dakota, that the following sums are appropriated to meet the obligations of the Municipality.**

**GOVERNMENTAL FUND FUND AMOUNTS TOTALS**

**TOTAL GENERAL FUND-100**

**101-41000 GENERAL GOVERNMENT**

**41150 Contingency 35,118.00**

**41200 Mayor & Council 36,500.00**

**41300 Elections 1,000.00**

**41410 City Attorney 2,000.00**

**41420 Finance Office 56,900.00**

**41450 Insurance 40,000.00**

**41470 Unemployment 100.00**

**41490 Government Buildings 47,200.00**

**101-41000 TOTAL GENERAL GOVERNMENT 218,818.00**

**101-42000 PUBLIC SAFETY**

**42100 County Law Enforcement 45,500.00**

**42200 Fire-Siren 500.00**

**42300 Protection & Inspection-Code Enforcement 4,100.00**

**101-42000 TOTAL PUBLIC SAFETY 50,100.00**

**101-43000 PUBLIC WORKS**

**43100 Streets 120,700.00**

**43200 Sanitation 6,425.00**

**101-43000 TOTAL PUBLIC WORKS 127,125.00**

**101-44000 PUBLIC HEALTH**

**44130 West Nile Fund 2,800.00**

**44620 Ambulance-EMT'S 100.00**

**101-44000 TOTAL PUBLIC HEALTH 2,900.00**

**101-45000 CULTURE & RECREATION**

**45110 Golf Course 12,000.00**

**45120 Pool 41,800.00**

**45130 Rhubarb Committee 500.00**

**45150 School Alumni Committee 100.00**

**45160 Celebration & Fireworks Association 1,150.00**

**45220 Ball Diamond-Fields &Athletic Assoc. 3,000.00**

**45230 Parks 59,150.00**

**45500 Library 17,600.00**

**45700 Historical Preservation-Museum 100.00**

**101-45000 TOTAL CULTURE & RECREATION 135,400.00**

**101-46000 CONSERVATION & DEVELOPMENT**

**46310 Lot Redevelopment 7,650.00**

**46320 Leola Housing & Redevelopment 5,000.00**

**46510 Leola Credit Board 950.00**

**46520 Zoning & Planning Comm. 2,350.00**

**46530 Development-Dev. Corp. & School 1,100.00**

**46610 Economic Development 10,000.00**

**101-46000 TOTAL CONSERVATION & DEVELOPMENT 27,050.00**

**101-47000 TOTAL DEBT SERVICE 0.00**

**101-48000 TOTAL INTERGOVERNMENTAL EXPENDITURES 0.00**

**101-49000 MISCELLANEOUS -Judgments & Losses 0.00**

**101-51000 OTHER FINANCING USES 0.00**

**101-61000 FUND EQUITY USES 0.00**

**TOTAL GENERAL FUND APPROPRIATIONS 561,393.00**

**21700 REVOLVING LOAN-ENTERPRIZE LOAN FUND**

**128 REVENUE 25,750.00**

**172 EXPENDITURES 25,750.00**

**TOTAL SPECIAL REVENUE RETAINED 0.00**

**PART II.**

**The following designates the fund or funds that money derived from the following sources is applied to.**

**GOVERNMENTAL FUNDS - 100**

**UNASSIGNED FUND BALANCE 200,693.00 TOTAL GENERAL**

**31000 TOTAL TAXES 324,100.00**

**32000 TOTAL LICENSES & PERMITS 3,500.00**

**33000 INTERGOVERNMENTAL REVENUE 26,300.00**

**34000 CHARGES FOR GOODS & SERVICES 3,500.00**

**35000 FINES AND FORFEITURES 0.00**

**36000 MISCELLANEOUS REVENUE 3,300.00**

**39000 OTHER SOURCES-BORROWED & TRANSFER IN 0.00**

**TOTAL MEANS OF FINANCE-GENERAL FUND 561,393.00**

**PART III.**

**PROPRIETARY FUNDS - 600 WATER SEWER**

**BEGINNING UNRESTRICTED CASH 4,500.00 89,000.00**

**ESTIMATED OPERATING REVENUE 116,000.00 48,000.00**

**ESTIMATED SEWER PROJECT FEE COLLECTIONS 15,000.00 58,000.00**

**AMOUNT TO BE BORROWED & GRANT-Cap Water Project 2,640,910.00 0.00**

**TRANSFER IN -Salary 15,000.00 0.00**

**TOTAL AVAILABLE 2,791,410.00 195,000.00**

**LESS APPROPRIATIONS (Operating Expenses) 130,700.00 45,400.00**

**Less Amount Needed For -Water Project 2,640,910.00 0.00**

**TRANSFER OUT-Salary 0.00 15,000.00**

**SET ASIDE FOR LOAN PAYBACK 15,000.00 48,252.00**

**TOTAL EXPENSE 2,786,610.00 108,652.00**

**ESTMATED RETAINED EARNINGS 4,800.00 86,348.00**

**PART IV.**

**The Finance Officer is hereby directed to certify the following dollar amounts of tax levies made in this Ordinance to the McPherson County Auditor.**

**PROPERTY TAXES, CPI-2.1% & 1.58% GROWTH 212,629.77**

**OPT OUT 30,000.00**

**TOTAL MONIES LEVIED FOR 242,629.77**

**ATTEST:**

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**Candice Kappes, Finance Officer Jessica Lipke, Mayor**

**Public Hearing and possible 2nd Reading on the 2019 Budget Ordinance 18-01 will be held at 8:00 P.M. on Wednesday, September 5th, 2018.**

**Council Member Richard Reis introduced the following resolution and moved for its adoption. Council Member Lindsey Bollinger seconded the same. All voted in favor. Resolution 18-06 was read as follows:**

Resolution NO 18-06

Plat of MDU Addition to the city of leola,

in the se ¼ ne ¼ of section 20-t126 n-r67w of the 5th p.m.,

mcPherson county, south dakota

“BE IT resolution by the city council of leola, south dakota, that the plat showing mdu addition to the city of leola, in the se1/4 ne1/4 of section 20-t126n-r67w of the 5th p.m., mcpherson county, south dakota having been examined, is hereby approved in accordance with the provisions od sdcl 11-3, and any amendments thrreof.”

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|  | Jessica Lipke, Mayor |
| ATTEST: |  |
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**Finance Officer Kappes discussed the upcoming bi-annual Northeast Finance Officer’s Group Meeting in Aberdeen for her to attend but did not know the September date.**

**The SDML Conference will be in Pierre on October 2nd-October 5th. Finance Officer Kappes, Assistant Finance Officer Weiszhaar, Mayor Lipke and Council Member Rau will attend. Anyone else planning to attend should know by the September Council Meeting.**

**The Council discussed the SDML Workcomp. Election officers to be held in conjunction with the SDML Conference in Pierre**

**The SDDOT five-year plan meeting was held in July, letter receive came after the July 2nd Council Meeting.**

**At 10:10 P.M., Council Member Reis moved to go into executive session to discuss personnel matters. Council Member Collins seconded the motion. All Council Members voted in favor. Motion carried. Finance Officer Kappes stayed during the closed executive session.**

**The Council was deemed out of Executive Session at 10:47 P.M., with no action taken**

**The Council discussed the crushing needing to be done at the Restricted Use Site and it was decided Council Member Leibel will contact Oban Construction to see when they planned to start crushing. Council Member Collins will contact Dahmes Construction on the cost to have them haul it out while traveling through town.**

**There being no further business, Council Member Rau moved, with a second by Council Member Collins, to adjourn. All Council Members voted in favor. Motion carried.**

**The Leola City Council will meet in the Council Room of the Municipal Building in regular session at 7:30 P.M. on Wednesday, September 5th due to the Labor Day Holiday.**

**ATTEST:**

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**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Jessica Lipke, Mayor of Leola**

**Candice Kappes, Finance Officer**

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***“Esta institucion es un proveedor de servicios con igualdad de oportunidades”***

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