

CITY OF LAKE NORDEN

June 1, 2020

Council met in regular session at 7:00 PM. Mayor Aho presiding. Members present: Jason Aho, Janet Andrews, Brian Jacobsen, Kim St. John Cameron Larson, John Layman and Dorene Lemme. Absent: None.

City employees present: Tony Aas, George Gibbons, Delores Kangas, Dan Koistinen and Roy Hauschildt. Absent: None.

Others present: Jenna Aderhold-Herald Enterprise, Gregg Jorgensen - Banner Associates, and Bryan Lipp - Banner Associates.

Motion made by Larson and seconded by Lemme to approve the agenda, as presented. All voted aye.

Motion made by St. John and seconded by Layman to approve the previous minutes. All voted aye.

Motion made by Andrews and seconded by Larson to approve the following financial reports: Fund Cash Balance; Budget Expenditure Totals, Fiscal Revenue (Detail) and General Ledger Activity List, as presented. All voted aye.

Motion made by Lemme and seconded by Andrews to approve the monthly reconciliation report, as presented. All voted aye.

Motion made by Layman and seconded by Jacobsen to approve the itemized credit card payments, as follows:

AAS***6494	APL*ITUNES	1.05	CLOUD BACKUP
AAS***6494	OLD WILL KNOTT SCALES	72.79	SUPPLIES
AAS***6494	ARROWHEAD FORENSICS	258.36	SUPPLIES
KANGAS***2725	ADOBE ACROPRO	15.66	SERVICES

All Voted Aye. Thus, motion carried.

The finance officer submitted the following bills with verified vouchers for payment:

GEORGE GIBBONS	2167.37	SALARY/LESS DEDUCTIONS
KYLE NAMKEN	565.43	SALARY/LESS DEDUCTIONS
JANET ANDREWS	369.40	SALARY/LESS DEDUCTIONS
TONY AAS	2623.58	SALARY/LESS DEDUCTIONS
BRIAN JACOBSEN	554.10	SALARY/LESS DEDUCTIONS
DAN L. KOISTINEN	3229.39	SALARY/LESS DEDUCTIONS
STACY HAKEMAN	132.36	SALARY/LESS DEDUCTIONS
JASON AHO	959.67	SALARY/LESS DEDUCTIONS
JOHN LAYMAN	461.75	SALARY/LESS DEDUCTIONS
CAMERON LARSON	554.10	SALARY/LESS DEDUCTIONS
ROY HAUSCHILD	2531.02	SALARY/LESS DEDUCTIONS
DELORES KANGAS	2914.66	SALARY/LESS DEDUCTIONS
DORENE LEMME	554.10	SALARY/LESS DEDUCTIONS
KIRBY ANTOEN	104.18	SALARY/LESS DEDUCTIONS
RYAN MACDONELL	1433.36	SALARY/LESS DEDUCTIONS
AUSTIN HAKEMAN	444.70	SALARY/LESS DEDUCTIONS
JACOB MACDONELL	1260.67	SALARY/LESS DEDUCTIONS

KIMBERLY ST. JOHN	554.10	SALARY/LESS DEDUCTIONS
HEALTH POOL OF SD	917.12	EMPLOYEE PREMIUM
SOUTH DAKOTA RETIREMENT	2121.36	EMPLOYER/EMPLOYEE 6%
DENTAL NETWORK OF AMERICA	271.50	EMPLOYEE PREMIUM
SD SUPPLEMENTAL RETIREMENT	175.00	EMPLOYEE CONTRIBUTIONS
EFTPS	5664.77	DEDUCTIONS DEPOSIT
TONY AAS	197.00	REIMBURSEMENT
ARMS UNLIMITED	1880.00	INV. #ASU7328/SUPPLIES
BADGER OIL COMPANY	267.95	INV. 22546;687;790/23107
BANNER ASSOCIATES	34072.15	INV. #32711/SERVICES
BANNER ASSOCIATES	9577.25	INV. #32665;767;801/SERVICES
BIG SKY RACKS, INC.	402.87	INV. #74527/SUPPLIES
BOYD LAW FIRM, PROF. L.L.C.	450.00	LEGAL FEES
BRITE	153.00	INV. #19146/SUPPLIES
COLONIAL RESEARCH CHEMICAL COR	723.49	INV. #145274;359/SUPPLIES
CONNECTING POINT COMPUTER	35.00	INV. #411654/SERVICES
COOK'S WASTEPAPER & RECYCLING	302.35	DUMPSTER/PARKS
COOK'S WASTEPAPER & RECYCLING	3422.19	MONTHLY SERVICE (188) DUMPSTER
CORE & MAIN LP	1563.68	INV. #M274275/SUPPLIES
COUNTRY STORE	511.49	ACCOUNT 101569
CRIMESTAR CORPORATION	4400.00	INV. #10011/RECORDS MNGMT. SYS
DAKOTA PORTABLE TOILETS	125.00	INV. #9951/SERVICES
DAKOTA PUMP & CONTROL INC.	671.43	INV. #26037/SERVICES
DAKOTA SUPPLY GROUP	806.48	INV. #S100056227.001/SERVICES
DEPARTMENT OF REVENUE	150.00	LIC #RB-2529
DEPARTMENT OF HEALTH	1634.00	INV. #10593927/TESTING
ELITE DRAIN & SEWER CLEANING	174.00	INV. #5940042920/SERVICES
FLAGS USA	993.00	INV. #78312/79026/SUPPLIES
GALLS, LLC	104.81	INV. #015624722/SUPPLIES
GEORGE GIBBONS	51.12	REIMBURSEMENT
GOPHER SIGN COMPANY	116.69	INV. #107690/SUPPLIES
GREAT AMERICAN FINICIAL SVCS.	110.76	LEASE FEES
HALME INC	757091.12	PAY REQUEST #5 BID PKG. II
HAMLIN BUILDING CENTER	940.97	SUPPLIES
HAMLIN COUNTY SHERIFF'S OFFICE	60.00	CONTRACTED SHERIFF SERVICE
HAMLIN COUNTY PUBLISHING	546.58	PUBLICATIONS
HAWKINS, INC	8529.87	INV. #4711399/SUPPLIES
HD ELECTRIC COOPERATIVE, INC.	169.06	8346/35107/35853/SERVICES
HYDRO-KLEAN, LLC	950.00	INV. #070527/SERVICES
ITC	631.68	ACCOUNT #00040683-9
THE JP COOKE CO.	54.00	INV. #623802/SUPPLIES
JUTTING'S GROCERY	146.46	SUPPLIES
KAISER WELL DRILLING, INC.	3250.00	INV. #1398/SERVICES
KDM EQUIPMENT, INC.	1157.66	INV. #7919;78/8096/SERVICES
KONES KORNER	48.88	ACCOUNT #55/SUPPLIES
LL & SONS EXCAVATING, INC.	459.18	INV. #11343/SERVICES
LN DEVELOPMENT CORPORATION	1000.00	MONTHLY DONATION
LN FARMERS ELEVATOR	154.50	INV. #12782.0/SUPPLIES
MACKSTEEL WAREHOUSE, INC.	11.44	INV. #482694/SUPPLIES
MENARDS	31.94	ACCOUNT #30970407
MIDWEST ALARM COMPANY, INC.	84.75	INV. #250233/SERVICES
NITTEBERG CONSTRUCTION CO.	2191.20	INV. #6657/SUPPLIES
NORDEN MOTOR COMPANY	332.10	SUPPLIES
NORTHERN PLAINS CONTRACTING	119921.21	PAY REQUEST #9 BID PKG. I

NORTHWESTERN ENERGY	809.81	2540879;703/2747404/2948926
OFFICE PEEPS, INCORPORATED	1675.57	896439-1;-0/897703;303/896438
JACLYN OLSON	100.00	WATER DEPOSIT REFUND
OTTERTAIL POWER COMPANY	6897.88	14030024/TREATMENT PLANT
PRINT 'EM NOW	193.00	INV. #75024/SUPPLIES
ROY'S SPORT SHOP	2685.87	INV. #165745;937/003476
RUNNINGS SUPPLY INC.	273.58	4791599;9081/4834943/4817111
SAFE LIFE DEFENSE	1726.20	INV. #13582/SUPPLIES
SD DENR-BOARD OF OPERATOR CERT	10.00	EXAM FEE/KOISTINEN
SD DENR	230.00	SDG860068/0187LAKE NORDEN
SD FEDERAL PROPERTY AGENCY	111.00	INV. #553762671/SUPPLIES
SD ONE CALL	16.80	INV.#SD20-0969/SERVICES
STAR LAUNDRY & DRY CLEANERS	70.99	INV. #0118671-0/SERVICES
TEAM LABORATORY CHEMICAL, LLC.	890.00	INV0020814/SUPPLIES
TOWN OF HAYTI	353.02	REIMBURSEMENT
US POSTAL SERVICE	46.00	BOX RENT
US POSTAL SERVICE	70.00	UTILITY POSTAGE
MILBANK WINWATER WORKS	871.58	INV. #164967/SUPPLIES
SD DEPARTMENT OF REVENUE	150.46	SALES TAX PAYMENT
FIRST NET	111.14	SERVICES
REVTRAK CHARGE	67.79	SERVICE CHARGE
REED	2712.02	AUTO-LOAN PAYMENT
RURAL DEVELOPMENT	3597.00	AUTO-LOAN #91-01 PAYMENT
RURAL DEVELOPMENT	1678.70	AUTO-LOAN #91-03 PAYMENT
RURAL DEVELOPMENT	1939.00	AUTO-LOAN #97-06 PAYMENT

Motion made by Jacobsen and seconded by St. John to issue warrants and pay the bills. All voted aye.

Motion made by Lemme and seconded by Larson to table action on a Skate Park until August 2020. All voted aye.

Jorgensen and Lipp from Banner Associates presented information regarding a Facility Plan for Water Storage Improvements. No action was taken.

The following qualified for office by signing the *Oath of Office*: John Layman - Ward I - 2-year term.

Mayor Aho declared the Council convenes acting as a Planning and Zoning Commission and Zoning Board of Adjustments.

A plat from Agropur Inc. for the property described as "PLAT OF LOTS 1, 2, 3, 4 & 5 of AGROPUR ADDITION "AN ADDITION TO LAKE NORDEN, SOUTH DAKOTA, HAMLIN COUNTY, SOUTH DAKOTA" was presented.

Motion made by Larson and seconded by St. John to recommend approval of said plat to the Lake Norden City Council. All voted aye.

Motion made by St. John and seconded by Larson to adjourn as a Planning and Zoning Commission and Zoning Board of Adjustments at 7:50 PM. All voted aye.

Mayor Aho declared the Council reconvenes.

No one appeared for Public Comment.

Motion made by Jacobsen and seconded by Larson to approve the May Police Report, as presented. All voted aye.

Motion made by Larson and seconded by St. John to approve an automatic supplement to the Police Department Budget to 101 421.0 426 \$5,947.00; 101 421.00 422.30 \$4,400.00; 101 421.00 422.20 \$153.00 expense line items with said sources of funding from a \$8,000.00 Drug Control Fund Award (101 00.0 334.00) and a \$2,500.00 donation from TC Energy Foundation (101 00.0 367.02). All voted aye.

Council reviewed a written request from Laker's Manager, Burt Tulson, for improvements at Memorial Park. Motion made by Jacobsen and seconded by Larson to approve items number 2-5 under (3) OTHER ITEMS with the expenditures not to exceed \$8000.00 (eight thousand dollars). All voted aye.

Motion made by Lemme and seconded by Jacobsen to approve the renewal of an Operating Agreement with the Bullpen Restaurant LLC, as presented. Voting aye: Andrews, Jacobsen, Lemme and St. John. Voting nay: None. Abstaining: Larson and Layman.

Motion made by Andrews and seconded by St. John to approve the Re-issuance of Alcoholic Beverage License #RB-2529 - Retail (on-off sale) Malt Beverage & SD Farm Wine for the Bullpen Restaurant, LLC for the year 2020-2021 until the June 1, 2020 meeting. Voting aye: Andrews, Jacobsen, Lemme and St. John. Voting nay: None. Abstaining: Larson and Layman.

Council member Jacobsen introduced the following resolution and moved that the same is passed.

RESOLUTION NO. 07/06/2020

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 Lake Norden (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:

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 Lake Norden Water System 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.

Declaration of Necessity and Findings.

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.

Findings. The City does hereby find as follows:

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.

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.

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.

Authorization of Loan, Pledge of Revenue and Security.

Authorization of Loan. The City hereby determines and declares it necessary to finance up to \$1,345,000 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.

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.

Approval of Revenue Bond. The issuance of a revenue bond in a principal amount not to exceed \$1,345,000 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.

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.

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.

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.

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.

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.

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.

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.

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:

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

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.

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.

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:

To redeem and prepay the Revenue Bond when and as such Revenue Bond becomes prepayable according to its terms;

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:

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

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

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.

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.

Approval of Bond Counsel. Meierhenry Sargent LLP is hereby retained as Bond Counsel with respect to the Revenue Bond.

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").

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

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.

The City agrees and covenants that it will promptly construct the improvements included in the Project.

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.

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.

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.

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.

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.

Repeal of Resolution. At such time as the Project Revenue Bond is defeased or paid in full, this Resolution and the special charge or surcharge shall automatically be repealed without any further action of the City.

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.

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

Adopted at Lake Norden, South Dakota, this 1st day of June 2020.

APPROVED:
Jason Aho, Mayor
City of Lake Norden

(SEAL)

Attest: Delores Kangas
City Finance Officer

Adopted: June 1, 2020
Published: June 10, 2020
Effective: July 1, 2020

Council member St. John seconded the forgoing resolution and moved that the same is passed. All voted aye. Thus, said resolution is passed and adopted.

Council member St. John introduced the following resolution and moved that the same is passed.

RESOLUTION NO. 08/06/2020

A RESOLUTION APPROVING AN AMENDMENT TO
ORDINANCE #356 "AN ORDINANCE ESTABLISHING WATER RATES."

(e)The minimum charge per month for the use of city water for commercial/industrial units shall be as follows:

Agropur Monthly Base Rate \$2,946.00 (accumulated meter charges by size) + \$2,218.40 (surcharge 1) + \$1.30 per 1,000 gallons. In addition to the other charges to Agropur, the City hereby establishes a monthly surcharge of \$8,233.33 for the project financed by DW-01 loan with the borrower bond Series 2018 and a monthly surcharge of \$7,234.58 for the project financed by DW-02 loan with the borrower bond Series 2020. The collection of the DW-01 surcharge shall start on January 1, 2019 and the collection of the DW-02 surcharge shall start on August 1, 2020. The surcharges shall remain in effect until such time as the borrower bonds are paid in full, it shall be collected at the same time as other charges of the system, and establish a surcharge accounts to segregate the income from other system income for book keeping purposes to be pledged to the South Dakota Conservancy District. The surcharges shall be reviewed from year to year and modified in order to provide the required 110 percent debt coverage.

Dated this 1st day of June, 2020.

CITY OF LAKE NORDEN (SEAL)

Jason Aho, Mayor

ATTEST:

Delores Kangas, Finance Officer

Council member Layman seconded the forgoing resolution and moved that the same is passed. All voted aye. Thus, said resolution is passed and adopted.

Council member Larson introduced the following resolution and moved that the same is passed.

RESOLUTION NO. 09/06/2020

WHEREAS, AGROPUR INC. Owners, have submitted to the governing board a proposed plat of LOTS, 1, 2, 3, 4 AND 5 OF AGROPUR ADDITION AN ADDITION TO THE CITY OF LAKE NORDEN, HAMLIN COUNTY, SOUTH DAKOTA, and the Governing Body of said City having examined the proposed plat and it appearing that all municipal taxes and special assessments, if any, upon said plat and survey, have been executed according to law.

NOW THEREFORE, BE IT RESOLVED THAT said plat and survey by and are hereby in all things accepted and approved.

Dated this 1st day of June, 2020.

CITY OF LAKE NORDEN (SEAL)

Jason Aho, Mayor

ATTEST:

Delores Kangas, Finance Officer

Council member Andrews seconded the forgoing resolution and moved that the same is passed. All voted aye. Thus, said resolution is passed and adopted.

Motion made by Jacobsen and seconded by Larson to approve Water Systems Improvement Project - Pay Request #17 - SRF Loan \$366,440.00 and Interim Financing \$544,644.48, contingent upon funding agency approval. Said request includes Northern Plains Contracting Pay Request #9, Bid Package I \$119,921.21; Banner Associates \$34,072.15; and Halme Inc. Pay Request #5, Bid Package II \$757,091.12. All voted aye.

Council held discussion concerning the 3rd and 4th of July Celebration. Motion made by Larson and seconded by St. John to hold the event as planned. All voted aye.

Discussion was held concerning the replacement and/or repair of 500 block of Main Avenue's light poles. Motion made by Larson and seconded by Andrews to table action until the July 2020 council meeting. All voted aye.

Motion made by Larson and seconded by Lemme to adjourn at 8:17 PM. All voted aye.

Jason Aho
Mayor

Delores Kangas
Finance Officer

 "This institution is an equal opportunity provider, and employer."

Publish once at an approximate cost of _____.