

**Unapproved Minutes of
REDFIELD CITY COUNCIL**

April 19, 2022

7:00 p.m.

The City Council met in regular session via teleconference and at City Hall on Tuesday, April 19, 2022 at 7:00 p.m.

MEMBERS PRESENT: Mayor Randy Maddox, Mike Siebrecht, Joe Morrissette, Jessi Lewis, Frank Schwartz, and Matthew Weller

MEMBERS ABSENT: Todd Schwartz and David Moeller

STAFF PRESENT: Adam L. Hansen and City Attorney Kristen Kochekian

VISITORS: Stefan Schroeder, Bob Schutte, Shane Pedersen, Martia Siebrecht, Isaac Appel @ 7:10 p.m.

CALL TO ORDER: Mayor Maddox called the meeting to order at 7:00 p.m.

ADOPT AGENDA: Motion by F. Schwartz, seconded by Morrissette to adopt the agenda with the addition of Change Order #3B – J&J Earthworks Inc. – Water & Wastewater System Improvements Project, Phase I & Pay Request #11B – J&J Earthworks Inc. – Water & Wastewater System Improvements Project, Phase I. Motion carried.

MINUTES: Motion by Lewis, seconded by Weller to approve the April 4, 2022 minutes. Motion carried.

CONSENT CALENDAR:

Motion by Lewis, seconded by Morrissette to approve the following items on the consent calendar:
Departments' Reports:

- A. Fire Report – Report dated April 13, 2022
- B. Revenue and Expense Report – January Report and January Salaries
- C. Senior Citizens Report – Minutes dated April, 2022
- D. Temporary Malt Beverage License #18-2022 & Temporary On/Off Sale Liquor License #18-2022 for Starters Lanes & Sports Lounge for Zastoupil/Shine wedding at 4H Building on May 28, 2022
- E. Temporary Malt Beverage License #19-2022 & Temporary On/Off Sale Liquor License #19-2022 for Starters Lanes & Sports Lounge for Gruenwald/Wagner wedding at Shanty Haven on July 16, 2022

Receive and place on file. Motion carried.

BID OPENINGS AND AWARDS:

2022-2023 Stump Removal Bids – The following bids were received: Moeller Stump Grinding \$60.00 per stump, Eager Beaver \$40.00 per stump. Motion by Morrissette, seconded by F. Schwartz

to approve the low bid from Eager Beaver at a cost of \$40.00 per stump contingent on proof of insurance presented. Motion carried.

VISITORS/PUBLIC TIME:

Stefan Schroeder, Shane Pedersen, Bob Schutte – Schroeder discussed the high school trap shooting team and needing a shooting range. He also discussed the Sheriff voicing support for the project. Shane Pederson SDGFP discussed the grant possibilities through the State of South Dakota. Bob Schutte discussed the hunt safe program using the range and possible building addition. Discussion ensued about other shooting ranges and security at their ranges.

Exit: Schroeder, Pederson, Schutte, Appel @ 7:24 p.m.

Martia Siebrecht – Wine Walk for Redfield Chamber – Siebrecht discussed the possibility of a wine walk later this year. She also discussed the vacant chamber director position.

Exit: Siebrecht @ 7:34 p.m.

PUBLIC HEARINGS:

Variance Hearing #01-2022 915 5th St. W. (Richmond) – Mayor Maddox opened the public hearing at 7:34 p.m. for a variance request at 915 5th St W. (Richmond). The zoning board's recommendation was to allow the requested variance. The hearing was declared closed at 7:35 p.m. Motion by Siebrecht, seconded by Morrissette to approve the variance. Motion carried.

Variance Hearing #02-2022 626 6th Ave. E. (Rivera) - Mayor Maddox opened the public hearing at 7:36 p.m. for a variance request at 626 6th Ave E. (Rivera). The zoning board's recommendation was to allow the requested variance. The hearing was declared closed at 7:41 p.m. Motion by F. Schwartz, seconded by Lewis to approve the variance. Motion carried.

Variance Hearing #03-2022 1033 2nd St. E. (Schroeder) – Mayor Maddox opened the public hearing at 7:45 p.m. for a variance request at 1033 2nd St E. (Schroeder). The zoning board's recommendation was to allow the requested variance. The hearing was declared closed at 7:47 p.m. Motion by Lewis, seconded by Morrissette to approve the variance. Motion carried.

OLD BUSINESS:

Notice of Code Enforcement Activities – Various properties were discussed.

NEW BUSINESS:

Approve Annual Notices – Motion by Siebrecht, seconded by Weller to approve the notices. Motion carried.

Official Canvas – Motion by F. Schwartz, seconded by Morrissette to approve the official canvas of the City Council Ward 2 election. Motion carried.

Approve Business License – Motion by Lewis, seconded by Weller to approve business license #08-2022 for Timber Tree Service. Motion carried.

Change Order #3A – Dahme Construction, Inc. – Water & Wastewater System Improvements Project, Phase I – Motion by Morrissette, seconded by F. Schwartz to approve to approve change order #3A in the amount of \$210,270.29 to Dahme Construction, Inc. Motion carried on a roll call vote with all members voting "Yes."

Pay Request #10A – Dahme Construction, Inc. – Water & Wastewater System Improvements Project, Phase I – Motion by Morrissette, seconded by Lewis to approve pay request #10A Water & Wastewater Improvements Project Phase 1 in the amount of \$125,546.38 to Dahme Construction, Inc. Motion carried on a roll call vote with all members voting "Yes."

2022 Spring Mosquito Workshop on April 20, 2022 in Aberdeen – Motion by Lewis, seconded by Weller to send all street and water department employees to the workshop. Motion carried.

Change Order #3B – J&J Earthworks Inc. – Water & Wastewater System Improvements Project, Phase I – Motion by Lewis, seconded by F. Schwartz to approve change order #3B in the amount of (\$181,137.41) to J&J Earthworks Inc. Motion carried on a roll call vote with all members voting "Yes."

Pay Request #11B – J&J Earthworks Inc. – Water & Wastewater System Improvements Project, Phase I – Motion by Morrissette, seconded by Lewis to approve pay request #11B Water & Wastewater Improvements Project Phase 1 in the amount of \$256,999.70 to J&J Earthworks Inc. Motion carried on a roll call vote with all members voting "Yes."

ORDINANCES AND RESOLUTIONS:

Mayor Maddox gave the Second Reading of Ordinance No. 01-2022 (Juneteenth Holiday).

ORDINANCE NO. 01-2022

AN ORDINANCE AMENDING SECTION 2.44.060 Holidays

Section 2.44.060 Holidays of the Redfield Municipal Code is amended to read as follows:

2.44.060 Holidays

The following days are designated as official holidays of Redfield for full-time appointive officers and employees: New Years Day, Martin Luther King Day, Presidents Day, Memorial Day, Juneteenth, Independence Day, Labor Day, Native American Day, Veteran’s Day, Thanksgiving Day, Christmas Day. When a holiday occurs on a Saturday, the preceding Friday shall be observed as a holiday. When a holiday occurs on a Sunday, the following Monday shall be observed as a holiday. All employees shall receive pay for each full holiday equal to eight hours at their regular straight time hourly rate of pay. All employees who actually perform work on a day observed as a holiday as designated in this section shall be paid an additional one and one-half straight time hourly rate of pay for all such hours actually worked. The above shall not apply to shift workers. (Ord. 3-92; Ord. 2-83; Ord. 5-78; Ord. 15-77; Ord. 04-09, prior code §1.0106)

Dated this 4th day of April, 2022.

RANDY MADDOX, MAYOR

ATTEST:

ADAM L. HANSEN, FINANCE OFFICER

First Reading 4-4-22
Second Reading 4-19-22
Published 4-27-22

Motion by F. Schwartz, seconded by Weller to adopt Ordinance No. 01-2022. Motion carried on a roll call vote with all members voting "Yes."

Resolution No. 2022-04 (Water Authorizing Resolution) was read by City Attorney Kochejian.

RESOLUTION NO. 2022-04

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$376,000 WATER PROJECT REVENUE BOND OF THE CITY OF REDFIELD; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; PROVIDING FOR A SPECIAL CHARGE OR SURCHARGE FOR THE PURPOSE OF PAYING PRINCIPAL OF AND INTEREST ON SAID BOND AS MAY BECOME DUE; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

BE IT RESOLVED by the City Council of the City of Redfield, South Dakota (the "City"), as follows:

SECTION 1. Bond Purpose and Authorization.

1.01. The City currently operates a municipal Water Utility under SDCL 9-40 (the "Utility"), consisting of a system or part of a system for the purpose of providing water for municipal, industrial and domestic purposes. The City determines it necessary and expedient to issue Water Project Revenue Bond (the "Bond") for the purpose of defraying the cost of the improvements and hereby declares the necessity therefore.

1.02. The City is authorized to borrow money and issue its revenue bonds under SDCL Chapter 9-40 and 6-8B (the "Act"), in order to defray the cost of acquiring and constructing improvements to the Utility, ("Improvements") which are established as a separate and segregated set of books and accounts that record revenues, expenses, assets and liabilities attributable to the financed improvements to the Utility generally described on Exhibit A hereto (the "Project").

1.03. The City determines it necessary and expedient to issue the Water Project Revenue Bond (the "Bond") for the purpose of defraying the cost of the Improvements and hereby declares the necessity therefore. The City shall adopt special rates or surcharges for the Improvements to be pledged, segregated and used for the payment of the Bonds.

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1.04. The City is authorized to acquire the Improvements, to issue its Bond, in order to defray the cost thereof, and to make all pledges, covenants and agreements authorized by law for the protection of the owners of the Bond, including, without limitation, those covenants set forth in Sections 9-40-15 through 9-40-17 of the Act. The Bond is payable solely from the revenue or income attributable to the operation of the Improvements and shall not constitute an indebtedness of the City within the meaning of South Dakota constitution Article 13 § 4 or any statutory provisions or limitations.

1.05. Notwithstanding the segregation of the Improvements for finance and financing purposes, the physical facilities constituting the Improvements are fully incorporated into the integrated water system that is the Utility. Similarly, the surcharge for Improvements services and the connection fees (that produce the Revenues that are pledged to the payment of the Bonds) are components of the Utility's comprehensive rate structure. Consequently, although the revenues and income of the Utility are not pledged to the payment of the Bonds, the water rights, facilities, and customer base of the Utility support the financial operation of the Improvements.

SECTION 2. Terms of the Bond.

2.01. The Bond shall be issued in an aggregate principal amount not exceeding \$376,000 and shall be sold to the United States of America. The Bond will bear interest at a rate or rates per annum resulting in an interest rate not greater than 1.75% per annum and will mature over a period not to exceed forty (40) years. The Bond shall be issued in one series. The Mayor and Finance Officer are hereby authorized and directed to agree with the United States of America upon the exact purchase price, principal amount, maturities, interest rate or rates, payment dates and redemption provisions for the Bond, within the parameters set forth in this Section.

SECTION 3. Execution, Authentication, Delivery and Form of the Bond.

3.01. The Bond shall be prepared under the direction of the Finance Officer and shall be executed on behalf of the City by the signatures of the Mayor and the Finance Officer, and countersigned by an attorney actually residing in the State of South Dakota and duly licensed to practice therein, and shall be sealed with the official corporate seal of the City; provided that all signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Bond shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. The City hereby appoints the Finance Officer of the City as bond registrar, transfer agent and paying agent (the "Registrar") for the Bond.

SECTION 4. Surcharge or Special Charge for Project Revenue Bond; Pledge

4.01. There shall be charged a monthly surcharge or special charge for the services provided by the Improvement financed by the Bond pursuant to Section 15 of the Act. The surcharge shall be segregated from other revenues of the Utility and shall be used for the payment of principal of and interest on the Bond. The initial surcharge shall be set by resolution. and collected at the same time as other charges of the utility. This surcharge shall remain in effect until such time as the Bond is paid

in full or discharged. All users, current and future, shall be charged the surcharge for it has been found that all users benefit from the Improvements. The surcharge is found to be equitable for the services provided by the Improvements. The amount of the surcharge shall be reviewed not less than annually and shall be modified in order to provide such funds as are set forth herein. All modifications may be made by resolution. No resolutions setting the surcharge shall be subject to referendum for they are necessary for the support of government. The special charge or surcharge shall begin at such time as will produce sufficient revenue to pay principal of and interest on the Revenue Bond when due. The City shall account for the surcharge as provided in SDCL Chapter 9-40 and Section XI of the South Dakota Department of Legislative Audit Municipal Accounting Manual.

SECTION 5. Creation of Accounts, Appropriation,

5.01. Project 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 Project Revenue Bond, the mandatory asset segregations or subaccounts in this Section 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 of and interest on the Revenue Bond.

5.02. Project Revenue Account. There shall be deposited periodically into the Project Revenue Account all revenues derived from the operation of the Project. (hereafter "Project Revenues"). All Project Revenues shall be segregated and subdivided into separate accounts as designated and described in Sections 5.03 to 5.08 in the order provided and are irrevocably pledged and appropriated for the payment of principal of and interest on the Bond.

5.03. Operating Account. No less than monthly, there shall first be set aside and credited to the Operating Subaccount such amounts as may be required over and above the balance then held in the Operating Subaccount to pay the reasonable and necessary Operating Expenses of the Improvements which are then due and payable, or are to be paid prior to the next apportionment.

5.04. Construction Account. An account to be designated as the Water Project Construction Account ("Construction Account") is established. The Construction Account shall be used only to pay as incurred and allowed costs which under generally accepted accounting principles are capital costs of the Improvements, and of such future acquisitions, reconstructions, improvements, betterments or extensions of the Utility as may be authorized in accordance with law; including but not limited to payments due for work and materials performed and delivered under construction contracts, architectural, engineering, inspection, supervision, fiscal and legal expenses, the cost of lands, easements and utility rights, interest accruing on Bond during the first year following the date of their delivery, if and to the extent that the Debt Service Account is not sufficient for payment of such interest, reimbursement of advances made from other City funds, and all other expenses incurred in connection with the construction and financing of any such undertaking. To the Construction Account shall be credited as received all proceeds of the Bond, except amounts appropriated to the Debt Service Account under Section 5.05 and any amount to be deposited to the Reserve Account under Section 5.06, all other funds appropriated by the City for the improvement of the Utility, hereof shall be deposited in the Construction Account and applied to repair, replacement and restoration of the Utility; any proceeds in excess of the amount necessary for that purpose shall be transferred to the Debt Service Account. No amount shall be expended from the construction account unless

contracts have been entered into and completion bonds furnished in an amount sufficient to ensure completion of the Improvements at a cost not exceeding the amount then on hand for such purpose.

5.05. Debt Service Account. An account to be designated as the Water Project Revenue Bond Debt Service Account (“Debt Service Account”) is established. Upon each monthly apportionment, there shall be set aside and credited to the Debt Service Account out of the Project Revenues an amount equal to not less than one-twelfth of the total sum of the principal and interest to become due within the then next succeeding twelve months on the Bond. Moneys from time to time held in the Debt Service Account shall be disbursed only to meet payments of principal and interest on Bond as such payments become due; provided, that on any date when the outstanding Bond is due or prepayable by their terms, if the amount then on hand in the Debt Service Account, together with the balance then on hand in the Reserve Account, is sufficient, with other moneys available for the purpose, to pay the Bond and the interest accrued thereon in full, it may be used for that purpose. If any payment of principal or interest becomes due when moneys in the Debt Service Account are temporarily insufficient therefor, such payment shall be advanced out of any Project Revenues theretofore segregated and then on hand in the Reserve Account, the Replacement and Depreciation Account or the Surplus Account. In the event that sufficient moneys are not available from the aforementioned sources, the City, to the extent it may at the time legally do so, may, but shall not be required to, temporarily advance moneys to the Debt Service Account from other funds of the City on hand and legally available for the purpose, but any such advance shall be repaid from net revenues of the utility as defined by SDCL §9-40- 17 within 24 months.

5.06. Reserve Account. An account to be designated as the Water Project Revenue Bond Reserve Account (“Reserve Account”) is established. On a monthly basis, the City shall next deposit into the Reserve Account an amount which a year of monthly deposits will equal 10% of the maximum debt service due in any future calendar year. The deposits shall continue for ten years or until the balance is equal to one annual debt service payment. Said balance shall be maintained by such additional deposits to the Reserve Account as may be necessary. Prior written concurrence from the Agency must be obtained before funds may be withdrawn from this account during the life of the loan. When funds are withdrawn during the life of the loan, deposits will continue as designated above until the fully-funded amount is reached

5.07. Replacement and Depreciation Account. An account to be designated as the Replacement and Depreciation Account is established. There shall next be set aside and credited, upon each monthly apportionment, to the Replacement and Depreciation Account such portion of the Project Revenues, as the City Common Council shall determine to be required for the accumulation of a reasonable reserve for renewal of worn out, obsolete or damaged properties and equipment of the Utility, which reserve shall be accumulated and maintained. Moneys in this account shall be used only for the purposes above stated or, if so directed by the City Common Council, to redeem the Bond which is prepayable according to its terms, to pay principal or interest when due thereon as required in Section 5.05 hereof, or to pay the cost of improvements to the Utility.

5.08. Surplus Account. An account to be designated as the Water Project Revenue Bond Surplus Account (“Surplus Account”) is established. Any amount of the Project Revenues from time to time remaining after the above required applications thereof shall be credited to the Surplus Account, and the moneys from time to time in that account, when not required to restore a current deficiency in the

Debt Service Account as provided in Section 5.05 hereof, may be used for any purpose authorized by South Dakota law.

5.09. Accounting. The City shall follow the municipal accounting requirements of the South Dakota Legislative Audit. The above named accounts may be designated in accordance with South Dakota municipal accounting standards.

5.10. Deposit and Investment of Funds. The City Finance Officer shall cause all moneys to be deposited as provided in South Dakota Law and allowed by applicable federal regulations.

5.11. Optional Redemption. The Bond is subject to optional redemption on any date at par plus accrued interest to date of redemption to refinance the unpaid balance, in whole or in part, of its Bond upon the request of the United States Department of Agriculture (the "Government") if at any time it shall appear to the Government that the City is able to refinance its Bond by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as authorized by 7 U.S.C §1983(3). The City may not have a "defeasance" as it is prohibited by 7 CFR §§ 1782.3 and 1782.16.

5.12. Defeasance and Additional Bonds. As permitted by SDCL 9-40-8 and SDCL 9-40-9, additional bonds payable from revenues and income of the system may be issued, 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 provided the consent of the Government is obtained. The City shall have the right to issue additional bonds secured by a lien subordinate to the lien from the Bond. The City may not defease the Bonds. The City may not borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the Utility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.

5.13. Prepayments and Extra Payments. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of City. Refunds, extra payments, and loan proceeds obtained from outside sources for the purpose of paying down the Government debt, shall, after payment of interest, be applied to the principal. Partial prepayment shall not affect the obligation of the City to pay the remaining installments as scheduled.

5.14. The Bond is subject to all of the provisions and limitations of Loan Resolution RUS Bulletin 1780-27 (the "Loan Resolution"). Any provision in this resolution conflicting with Loan Resolution RUS Bulletin 1780-27 is null and void.

SECTION 6. Covenants, Remedies and Rates.

6.01. General. The City covenants and agrees that until the Bond is fully discharged as provided in this Resolution, it will continue to hold, maintain and operate the Utility as a public utility and convenience, free from all liens thereon or on the income therefrom other than the liens herein granted or provided for, will observe prudent utility practices, and will maintain, expend and account for the Project Fund and the several accounts therein as provided in Section 5. The City will cause the

Improvements to be constructed in accordance with plans and specifications previously prepared and will not enter into contracts in excess of the amount provided for such purpose.

6.02. Competing Service. The City will not establish or authorize the establishment of any other system for the public supply of service or services in competition with any or all of the services supplied by the facilities of the Utility.

6.03. Billings. The charges for water utility services will be billed at least monthly, and if the bill is not paid within sixty days of the date of billing, or if the customer fails to comply with all rules and regulations established for the Utility within sixty days after notice of violation thereof (which notice shall be given promptly upon discovery of any such violation), the service to the premises involved shall be discontinued and shall not be resumed until payment of all past-due bills for water utility service and compliance with all such rules and regulations. The City may reduce the number of days before the service will be disconnected from sixty to any lesser number of days by ordinance or resolution. The City shall take all appropriate legal action to collect the unpaid charges. The City shall follow the procedures, if any, set by South Dakota Codified Laws for disconnection of service during the winter months.

6.04. Remedies. The holder of the Bond shall have such remedies as are set forth in SDCL 9-40.

6.05. Statutory Lien. There shall pursuant to SDCL 9-40-25 be a statutory mortgage lien upon the Improvements in favor of and for the equal benefit of the lawful holders of the Bond issued pursuant to SDCL 9-40, except no such lien shall attach to or become a charge upon or against any property or Utility or any part thereof previously owned by the City. Until the Bond is fully paid with interest, the City shall not sell or otherwise dispose of the Utility and shall not establish, authorize or grant a franchise for the operation of any other Utility in competition with the City. The statutory lien shall continue until the Bond is paid in full.

6.06. Electronic Preauthorized Debit System. All payments of principal of and interest on the Bond shall be made through the electronic preauthorized debit system which will allow payments to be electronically debited from the City's account on the day the payment is due.

The above and foregoing Resolution was read by _____ and was moved for adoption by _____ seconded by _____ and upon roll call vote,

voted aye,

voted nay,

whereupon the Mayor declared the Resolution to be duly passed and adopted.

Mayor

Attest:

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Finance Officer

Adopted:

Published:

Effective Date:

**EXHIBIT A
DESCRIPTION OF PROJECT**

The City of Redfield is proposing to replace waterlines throughout the community, repair the water plant building, and add a SCADA system to the current booster station.

Motion by Morrissette, seconded by F. Schwartz to approve Resolution No. 2022-04. Motion carried on a roll call vote with all members voting "Yes."

Resolution No. 2022-05 (Water Resolution Approving Legal Services Agreement) was read by Hansen.

**RESOLUTION NO. 2022-05
RESOLUTION APPROVING LEGAL SERVICES AGREEMENT**

BE IT RESOLVED by the City of Redfield that Meierhenry Sargent LLP be retained as bond counsel for the proposed Water Project Revenue Bond and that the Mayor and Finance Officer are authorized to negotiate and execute the form of the Legal Services Agreement on file with the City Finance Officer.

Motion by _____ seconded by _____.

Aye:

Nay:

Abstained:

Mayor

Attest:

Finance Officer

(SEAL)

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LEGAL SERVICES AGREEMENT

FmHA Instruction 1942-A (Bond Counsel Agreement)
(Guide 14)

UNITED STATES DEPARTMENT OF AGRICULTURE Farmers Home Administration LEGAL SERVICES AGREEMENT

This agreement made this ____ day of _____ 2022 between **THE CITY OF REDFIELD, SOUTH DAKOTA** hereinafter referred to as (the "Municipality"), and **Todd Meierhenry**, attorney at law, of **MEIERHENRY SARGENT LLP** of 315 S. Phillips Ave., Sioux Falls, South Dakota 57104, hereinafter referred to as "Attorney":

WHEREAS, the Municipality is intending to obtain a loan from the United States of America;

WHEREAS, the Municipality is intending to issue Water Project Revenue Bond under the provisions of SDCL 9-40-15 for the loan with the United States of America under such terms and conditions as are dictated by the Rural Utility Services.

WHEREAS, the Attorney agrees to perform all legal services necessary to give a bond opinion to the United States of America and to perform all other customary legal services necessary to the financing.

WITNESSETH:

That for and in consideration of the mutual covenants and promises between the parties hereto, it is hereby agreed:

SECTION A - LEGAL SERVICES

That the Attorney will perform such services as are necessary to accomplish the above recited objectives including, but not limited to, the following:

- examine applicable law; prepare the resolution or ordinance authorizing and securing the Bond and other authorizing documents;
- consult with the parties to the transaction prior to the issuance of the Bond; review certified proceedings;
- undertake such additional duties as are deemed necessary to render the opinion.
- render an opinion that:
- the Issuer is duly created and validly existing as a body corporate and public instrumentality of the State of South Dakota with authority to adopt the Resolution, perform the agreements on its part contained therein and issue the Bond;
- the Bond is a valid and binding special obligation of the Issuer;

- the Bond has been duly authorized, executed and delivered by the Issuer and is a valid and binding special obligation of the Issuer, payable solely from the sources provided therefore in the Resolution;

SECTION B - COMPENSATION

The Municipality will pay to the Attorney for professional services rendered in accordance herewith, fees as follows:

- One Percent of the Bond Amount

Said fees to be payable in the following manner and at the following times:

- Upon receiving a completed transcript for the loan. If the loan does not close for any reason, there shall be no fee from Attorney.

SECTION C - OTHER PROVISIONS

None.

Todd Meierhenry
MEIERHENRY SARGENT LLP

CITY OF REDFIELD, SOUTH DAKOTA

ATTEST

Mayor

Finance Officer

[SEAL]

Motion by Lewis, seconded by Weller to approve Resolution No. 2022-05. Motion carried on a roll call vote with all members voting "Yes."

Resolution No. 2022-06 (Sewer Authorizing Resolution) was read by City Attorney Kochekian.

RESOLUTION NO. 2022-06

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$400,000 SEWER PROJECT REVENUE BOND OF THE CITY OF REDFIELD; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; PROVIDING FOR A SPECIAL CHARGE OR SURCHARGE FOR THE PURPOSE OF PAYING PRINCIPAL OF AND INTEREST ON SAID BOND AS MAY BECOME DUE; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

BE IT RESOLVED by the City Council of the City of Redfield, South Dakota (the "City"), as follows:

SECTION 1. Bond Purpose and Authorization.

1.01. The City currently operates a municipal sewer utility under SDCL 9-40 (the "Utility"), consisting of a system or part of a system, for the collection, treatment, and disposal of sewage and other domestic, commercial, and industrial wastes. (the "Utility").

1.02. The City is authorized to borrow money and issue its revenue bonds under SDCL Chapter 9-40 and 6-8B (the "Act"), in order to defray the cost of acquiring and constructing improvements to the Utility, ("Improvements") which are established as a separate and segregated set of books and accounts that record revenues, expenses, assets and liabilities attributable to the financed improvements to the Utility generally described on Exhibit A hereto (the "Project").

1.03. The City determines it necessary and expedient to issue the Sewer Project Revenue Bond (the "Bond") for the purpose of defraying the cost of the Improvements and hereby declares the necessity therefore. The City shall adopt special rates or surcharges for the Improvements to be pledged, segregated and used for the payment of the Bonds.

1.04. The City is authorized to acquire the Improvements, to issue its Bond, in order to defray the cost thereof, and to make all pledges, covenants and agreements authorized by law for the protection of the owners of the Bond, including, without limitation, those covenants set forth in Sections 9-40-15 through 9-40-17 of the Act. The Bond is payable solely from the revenue or income attributable to the operation of the Improvements and shall not constitute an indebtedness of the City within the meaning of South Dakota constitution Article 13 § 4 or any statutory provisions or limitations.

1.05. Notwithstanding the segregation of the Improvements for finance and financing purposes, the physical facilities constituting the Improvements are fully incorporated into the integrated Sewer system that is the Utility. Similarly, the surcharge for Improvements services and the connection fees (that produce the Revenues that are pledged to the payment of the Bonds) are components of the Utility's comprehensive rate structure. Consequently, although the revenues and income of the Utility are not pledged to the payment of the Bonds, the water rights, facilities, and customer base of the Utility support the financial operation of the Improvements.

SECTION 2. Terms of the Bond.

2.01. The Bond shall be issued in an aggregate principal amount not exceeding \$400,000 and shall be sold to the United States of America. The Bond will bear interest at a rate or rates per annum resulting in an interest rate not greater than 1.25% per annum and will mature over a period not

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exceed forty (40) years. The Bond shall be issued in one series. The Mayor and Finance Officer are hereby authorized and directed to agree with the United States of America upon the exact purchase price, principal amount, maturities, interest rate or rates, payment dates and redemption provisions for the Bond, within the parameters set forth in this Section.

SECTION 3. Execution, Authentication, Delivery and Form of the Bond.

3.01. The Bond shall be prepared under the direction of the Finance Officer and shall be executed on behalf of the City by the signatures of the Mayor and the Finance Officer, and countersigned by an attorney actually residing in the State of South Dakota and duly licensed to practice therein, and shall be sealed with the official corporate seal of the City; provided that all signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Bond shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. The City hereby appoints the Finance Officer of the City as bond registrar, transfer agent and paying agent (the "Registrar") for the Bond.

SECTION 4. Surcharge or Special Charge for Project Revenue Bond; Pledge

4.01. There shall be charged a monthly surcharge or special charge for the services provided by the Improvement financed by the Bond pursuant to Section 15 of the Act. The surcharge shall be segregated from other revenues of the Utility and shall be used for the payment of principal of and interest on the Bond. The initial surcharge shall be set by resolution. and collected at the same time as other charges of the utility. This surcharge shall remain in effect until such time as the Bond is paid in full or discharged. All users, current and future, shall be charged the surcharge for it has been found that all users benefit from the Improvements. The surcharge is found to be equitable for the services provided by the Improvements. The amount of the surcharge shall be reviewed not less than annually and shall be modified in order to provide such funds as are set forth herein. All modifications may be made by resolution. No resolutions setting the surcharge shall be subject to referendum for they are necessary for the support of government. The special charge or surcharge shall begin at such time as will produce sufficient revenue to pay principal of and interest on the Revenue Bond when due. The City shall account for the surcharge as provided in SDCL Chapter 9-40 and Section XI of the South Dakota Department of Legislative Audit Municipal Accounting Manual.

SECTION 5. Creation of Accounts, Appropriation,

5.01. Project 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 Project Revenue Bond, the mandatory asset segregations or subaccounts in this Section shall be included in the Sewer 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 Revenue Bond.

5.02. Project Revenue Account. There shall be deposited periodically into the Project Revenue Account all revenues derived from the operation of the Project. (hereafter "Project Revenues"). All Project Revenues shall be segregated and subdivided into separate accounts as designated and described in Sections 5.03 to 5.08 in the order provided and are irrevocably pledged and

appropriated for the payment of principal of and interest on the Bond.

5.03. Operating Account. No less than monthly, there shall first be set aside and credited to the Operating Subaccount such amounts as may be required over and above the balance then held in the Operating Subaccount to pay the reasonable and necessary Operating Expenses of the Improvements which are then due and payable, or are to be paid prior to the next apportionment.

5.04. Construction Account. An account to be designated as the Sewer Project Construction Account ("Construction Account") is established. The Construction Account shall be used only to pay as incurred and allowed costs which under generally accepted accounting principles are capital costs of the Improvements, and of such future acquisitions, reconstructions, improvements, betterments or extensions of the Utility as may be authorized in accordance with law; including but not limited to payments due for work and materials performed and delivered under construction contracts, architectural, engineering, inspection, supervision, fiscal and legal expenses, the cost of lands, easements and utility rights, interest accruing on Bond during the first year following the date of their delivery, if and to the extent that the Debt Service Account is not sufficient for payment of such interest, reimbursement of advances made from other City funds, and all other expenses incurred in connection with the construction and financing of any such undertaking. To the Construction Account shall be credited as received all proceeds of the Bond, except amounts appropriated to the Debt Service Account under Section 5.05 and any amount to be deposited to the Reserve Account under Section 5.06, all other funds appropriated by the City for the improvement of the Utility, hereof shall be deposited in the Construction Account and applied to repair, replacement and restoration of the Utility; any proceeds in excess of the amount necessary for that purpose shall be transferred to the Debt Service Account. No amount shall be expended from the construction account unless contracts have been entered into and completion bonds furnished in an amount sufficient to ensure completion of the Improvements at a cost not exceeding the amount then on hand for such purpose.

5.05. Debt Service Account. An account to be designated as the Sewer Project Revenue Bond Debt Service Account ("Debt Service Account") is established. Upon each monthly apportionment, there shall be set aside and credited to the Debt Service Account out of the Project Revenues an amount equal to not less than one-twelfth of the total sum of the principal and interest to become due within the then next succeeding twelve months on the Bond. Moneys from time to time held in the Debt Service Account shall be disbursed only to meet payments of principal and interest on Bond as such payments become due; provided, that on any date when the outstanding Bond is due or prepayable by their terms, if the amount then on hand in the Debt Service Account, together with the balance then on hand in the Reserve Account, is sufficient, with other moneys available for the purpose, to pay the Bond and the interest accrued thereon in full, it may be used for that purpose. If any payment of principal or interest becomes due when moneys in the Debt Service Account are temporarily insufficient therefor, such payment shall be advanced out of any Project Revenues theretofore segregated and then on hand in the Reserve Account, the Replacement and Depreciation Account or the Surplus Account. In the event that sufficient moneys are not available from the aforementioned sources, the City, to the extent it may at the time legally do so, may, but shall not be required to, temporarily advance moneys to the Debt Service Account from other funds of the City on hand and legally available for the purpose, but any such advance shall be repaid from net revenues of the utility as defined by SDCL §9-40- 17 within 24 months.

5.06. Reserve Account. An account to be designated as the Sewer Project Revenue Bond Reserve Account (“Reserve Account”) is established. On a monthly basis, the City shall next deposit into the Reserve Account an amount which a year of monthly deposits will equal 10% of the maximum debt service due in any future calendar year. The deposits shall continue for ten years or until the balance is equal to one annual debt service payment. Said balance shall be maintained by such additional deposits to the Reserve Account as may be necessary. Prior written concurrence from the Agency must be obtained before funds may be withdrawn from this account during the life of the loan. When funds are withdrawn during the life of the loan, deposits will continue as designated above until the fully-funded amount is reached

5.07. Replacement and Depreciation Account. An account to be designated as the Replacement and Depreciation Account is established. There shall next be set aside and credited, upon each monthly apportionment, to the Replacement and Depreciation Account such portion of the Project Revenues, as the City Common Council shall determine to be required for the accumulation of a reasonable reserve for renewal of worn out, obsolete or damaged properties and equipment of the Utility, which reserve shall be accumulated and maintained. Moneys in this account shall be used only for the purposes above stated or, if so directed by the City Common Council, to redeem the Bond which is prepayable according to its terms, to pay principal or interest when due thereon as required in Section 5.05 hereof, or to pay the cost of improvements to the Utility.

5.08. Surplus Account. An account to be designated as the Sewer Project Revenue Bond Surplus Account (“Surplus Account”) is established. Any amount of the Project Revenues from time to time remaining after the above required applications thereof shall be credited to the Surplus Account, and the moneys from time to time in that account, when not required to restore a current deficiency in the Debt Service Account as provided in Section 5.05 hereof, may be used for any purpose authorized by South Dakota law.

5.09. Accounting. The City shall follow the municipal accounting requirements of the South Dakota Legislative Audit. The above named accounts may be designated in accordance with South Dakota municipal accounting standards.

5.10. Deposit and Investment of Funds. The City Finance Officer shall cause all moneys to be deposited as provided in South Dakota Law and allowed by applicable federal regulations.

5.11. Optional Redemption. The Bond is subject to optional redemption on any date at par plus accrued interest to date of redemption to refinance the unpaid balance, in whole or in part, of its Bond upon the request of the United States Department of Agriculture (the “Government”) if at any time it shall appear to the Government that the City is able to refinance its Bond by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as authorized by 7 U.S.C §1983(3). The City may not have a “defeasance” as it is prohibited by 7 CFR §§ 1782.3 and 1782.16.

5.12. Defeasance and Additional Bonds. As permitted by SDCL 9-40-8 and SDCL 9-40-9, additional bonds payable from revenues and income of the system may be issued, 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 provided the consent of the Government is obtained. The City shall have the right to issue additional bonds secured by a lien subordinate to the lien from the Bond. The City may not defease the Bonds. The City may not borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the Utility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.

5.13. Prepayments and Extra Payments. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of City. Refunds, extra payments, and loan proceeds obtained from outside sources for the purpose of paying down the Government debt, shall, after payment of interest, be applied to the principal. Partial prepayment shall not affect the obligation of the City to pay the remaining installments as scheduled.

5.14. The Bond is subject to all of the provisions and limitations of Loan Resolution RUS Bulletin 1780-27 (the "Loan Resolution"). Any provision in this resolution conflicting with Loan Resolution RUS Bulletin 1780-27 is null and void.

SECTION 6. Covenants, Remedies and Rates.

6.01. General. The City covenants and agrees that until the Bond is fully discharged as provided in this Resolution, it will continue to hold, maintain and operate the Utility as a public utility and convenience, free from all liens thereon or on the income therefrom other than the liens herein granted or provided for, will observe prudent utility practices, and will maintain, expend and account for the Project Fund and the several accounts therein as provided in Section 5. The City will cause the Improvements to be constructed in accordance with plans and specifications previously prepared and will not enter into contracts in excess of the amount provided for such purpose.

6.02. Competing Service. The City will not establish or authorize the establishment of any other system for the public supply of service or services in competition with any or all of the services supplied by the facilities of the Utility.

6.03. Billings. The charges for Sewer utility services will be billed at least monthly, and if the bill is not paid within sixty days of the date of billing, or if the customer fails to comply with all rules and regulations established for the Utility within sixty days after notice of violation thereof (which notice shall be given promptly upon discovery of any such violation), the service to the premises involved shall be discontinued and shall not be resumed until payment of all past-due bills for Sewer utility service and compliance with all such rules and regulations. The City may reduce the number of days before the service will be disconnected from sixty to any lesser number of days by ordinance or resolution. The City shall take all appropriate legal action to collect the unpaid charges. The City shall follow the procedures, if any, set by South Dakota Codified Laws for disconnection of service during the winter months.

6.04. Remedies. The holder of the Bond shall have such remedies as are set forth in SDCL 9-40.

6.05. Statutory Lien. There shall pursuant to SDCL 9-40-25 be a statutory mortgage lien upon the Improvements in favor of and for the equal benefit of the lawful holders of the Bond issued pursuant

to SDCL 9-40, except no such lien shall attach to or become a charge upon or against any property or Utility or any part thereof previously owned by the City. Until the Bond is fully paid with interest, the City shall not sell or otherwise dispose of the Utility and shall not establish, authorize or grant a franchise for the operation of any other Utility in competition with the City. The statutory lien shall continue until the Bond is paid in full.

6.06. Electronic Preauthorized Debit System. All payments of principal of and interest on the Bond shall be made through the electronic preauthorized debit system which will allow payments to be electronically debited from the City's account on the day the payment is due.

6.07. Bond Anticipation Note. The Council does hereby authorize the issuance and sale of a bond anticipation note in the manner and subject to the limitations set forth in SDCL §§ 6-8B-26 to 6- 8B-29, inclusive. The Mayor and Finance Officer are authorized to take such action as is necessary to issue the bond anticipation note.

The above and foregoing Resolution was read by _____ and was moved for adoption by _____ seconded by _____ and upon roll call vote,

voted aye,

voted nay,

whereupon the Mayor declared the Resolution to be duly passed and adopted.

Mayor

Attest:

Finance Officer

Adopted:
Published:
Effective Date:

PROJECT DESCRIPTION

The City of Redfield is proposing to replace or reline the sewer system and sewer services to the property line throughout the community and replace the pumps and install a SCADA system at the Main Lift Station.

Motion by Lewis, seconded by Weller to approve Resolution No. 2022-06. Motion carried on a roll call vote with all members voting "Yes."

Resolution No. 2022-07 (Sewer Resolution Approving Legal Services Agreement) was read by Hansen.

22CITYCO.April19

RESOLUTION NO. 2022-07
RESOLUTION APPROVING LEGAL SERVICES AGREEMENT

BE IT RESOLVED by the City of Redfield that Meierhenry Sargent LLP be retained as bond counsel for the proposed Sewer Project Revenue Bond and that the Mayor and Finance Officer are authorized to negotiate and execute the form of the Legal Services Agreement on file with the City Finance Officer.

Motion by _____ seconded by _____.

Aye:

Nay:

Abstained:

Mayor

Attest:

Finance Officer

(SEAL)

LEGAL SERVICES AGREEMENT

FmHA Instruction 1942-A (Bond Counsel Agreement)

(Guide 14)

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
LEGAL SERVICES AGREEMENT

This agreement made this ____ day of _____ 2022 between **THE CITY OF REDFIELD, SOUTH DAKOTA** hereinafter referred to as (the "Municipality"), and **Todd Meierhenry**, attorney at law, of Meierhenry Sargent LLP of 315 S. Phillips Ave., Sioux Falls, South Dakota, hereinafter referred to as "Attorney":

WHEREAS, the Municipality is intending to obtain a loan from the United States of America;

WHEREAS, the Municipality is intending to issue Sewer Project Revenue Bond under the provisions of SDCL 9-40-15 for the loan with the United States of America under such terms and conditions as are dictated by the Rural Utility Services.

WHEREAS, the Attorney agrees to perform all legal services necessary to give a bond opinion to the United States of America and to perform all other customary legal services necessary to the financing.

WITNESSETH:

That for and in consideration of the mutual covenants and promises between the parties hereto, it is hereby agreed:

SECTION A - LEGAL SERVICES

That the Attorney will perform such services as are necessary to accomplish the above recited objectives including, but not limited to, the following:

- examine applicable law; prepare the resolution or ordinance authorizing and securing the Bond and other authorizing documents;
- consult with the parties to the transaction prior to the issuance of the Bond; review certified proceedings;
- undertake such additional duties as are deemed necessary to render the opinion.
- render an opinion that:
- the Issuer is duly created and validly existing as a body corporate and public instrumentality of the State of South Dakota with authority to adopt the Resolution, perform the agreements on its part contained therein and issue the Bond;
- the Bond is a valid and binding special obligation of the Issuer;
- the Bond has been duly authorized, executed and delivered by the Issuer and is a valid and binding special obligation of the Issuer, payable solely from the sources provided therefore in the Resolution;

SECTION B - COMPENSATION

The Municipality will pay to the Attorney for professional services rendered in accordance herewith, fees as follows:

- One Percent of the Bond Amount

Said fees to be payable in the following manner and at the following times:

- Upon receiving a completed transcript for the loan. If the loan does not close for any reason, there shall be no fee from Attorney.

SECTION C - OTHER PROVISIONS

22CITYCO.April19

None.

Todd Meierhenry
MEIERHENRY SARGENT LLP

CITY OF REDFIELD, SOUTH DAKOTA

ATTEST

Mayor

Finance Officer

[SEAL]

Motion by Morrisette, seconded by Siebrecht to approve Resolution No. 2022-07. Motion carried on a roll call vote with all members voting "Yes."

COUNCIL MEMBER REPORTS:

Lewis updated Council on events at the airport.

F. Schwartz discussed different ideas for selling empty lots in town.

Siebrecht discussed proposed homes and restrictive covenants attached thereto and also off sale liquor license requirements.

PAY CLAIMS:

City Prepaid	\$38,015.29
City Unpaid	\$53,114.11
Hospital & Clinic Prepaid	\$99,685.29
Hospital & Clinic Unpaid	\$282,329.42
Additional Claims:	

Motion by Lewis, seconded by Siebrecht to pay the above claims in addition to South Dakota One Call \$12.60 for monthly locates, Schroeder Motors \$130.00 for driver seat repairs, Connecting Point \$1,245.00 for sonicwall & server support work, Hauff Mid America Sports \$39.85 for tape, Core & Main \$321.74 for gaskets, liners, plates & chamber, CenturyLink \$302.88 for phone service, Rich's Repair \$1.79 for fitting, Dahme Construction Co., Inc. \$125,546.38 for pay request #10A Water & Wastewater System Improvements Project, Phase I, and J&J Earthworks Inc. \$256,999.70 for pay request #11B Water & Wastewater System Improvements Project, Phase I and amend Guardian Ins in the amount of \$126.01. Motion carried on a roll call vote with all members voting "Yes."

There being no further business, meeting was adjourned at 9:16 p.m.

Randy Maddox
Mayor

Adam L. Hansen
Finance Officer

Recorder: Adam L. Hansen