

MILBANK CITY COUNCIL PROCEEDINGS

July 14, 2014

PURSUANT TO DUE CALL AND NOTICE THEREOF, a regular meeting of the City Council was duly held at City Hall, July 14, 2014 at 7:00 PM. Following members were present: Mayor Dale Aesoph. Councilmen Pat Raffety, Mike Hanson, Joel Foster, Steve Wiener and Lane Lindquist. Absent: Councilman Mike Mach. Present from the staff was Mark Reedstrom, Bryan Lambrechts, Dick Poppen, Don Settje, Boyd VanVooren, Lacey Kasuske and Cynthia Schumacher. Present from the public: Todd Meierhenry, Jim Gesswein, Natalie Gauer, Jerry Zubke, Connie Larson and Holli Seehafer.

Mayor Aesoph called the meeting to order and roll call was taken.

A motion was made and seconded to approve the minutes of the June 9, 2014 meeting. Motion carried 5-0, Mach absent.

A motion was made and seconded to approve the June Treasurers Report. Motion carried 5-0, Mach absent.

A motion was made and seconded to approve the bills list, \$576,049.34. Motion carried 5-0, Mach absent.

June Salaries: Mayor/Council \$1,600; Finance \$13,450; Police \$24,628; Street \$10,291; Rubble Site \$867; Park \$6,679; Water \$5,567; Wastewater \$12,676.

Council President Wiener presented a plaque to Mayor Aesoph for his 35 years of dedication and leadership to the Council and the City of Milbank.

A motion was made and seconded to adjourn. Motion carried 5-0, Mach absent.

The new Council was seated.

Mayor Raffety called the meeting to order and roll call was taken. Attorney Reedstrom administered the Oath of Office to Mayor Pat Raffety.

A motion was made and seconded to approve the Mayor's one year appointments of Evan Grong, Ward 2 Councilman and Jason Redmond, Ward 2 Councilman. Motion carried. Attorney Reedstrom administered the Oath of Office to Grong and Redmond.

A motion was made and seconded to nominate Steve Wiener as Council President. Nominations ceased and a unanimous ballot was cast for Steve Wiener as Council President.

A motion was made and seconded to nominate Joel Foster as Vice-President. Nominations ceased and a unanimous ballot was cast for Joel Foster as Vice-President.

A motion was made and seconded to approve the Mayor's employee appointments. Motion carried 6-0. City Administrator – Jason Kettwig. Finance Officer – Cynthia Schumacher. Police Chief – Boyd VanVooren. Attorney – Mark Reedstrom. Fire Chief – Kevin Schuelke. Assistant Fire Chiefs David Giesen and Chad Wientjes.

A motion was made and seconded to approve the Mayor's committee appointments. Motion carried 6-0. Steve Wiener – water, GCDC liaison. Joel Foster – wastewater and airport. Jason Redmond – streets and rubble site. Evan Grong – finance and fire. Lane Lindquist – police and GCEB. Mike Hanson – parks, planning & zoning and code enforcement. Pat Raffety – personnel.

A motion was made and seconded to approve the Fire Department and Reserve Police Officers Rosters as placed on file. Motion carried 6-0.

A public hearing was held to hear public comments regarding the issuance by the City of its Bonds as requested by Northeast South Dakota Health Plan. Todd Meierhenry, Bond Council explained the bonds are for the purpose of funding the construction of a hospital and clinic building owned by Northeast South Dakota Health Plan. The issuance of the bonds by the City would designate the Bonds as a tax-exempt status generating a lower interest rate. The City would act as a pass-through conduit only. The City is in no way liable for repayment nor would the Bonds effect the City's bond rating. Following discussion a motion was made and seconded to approve Resolution 7-14-14. Motion carried 6-0.

RESOLUTION NO. 4-14-14

RESOLUTION AUTHORIZING THE ISSUANCE OF ECONOMIC DEVELOPMENT REVENUE BONDS, (NORTHEAST SOUTH DAKOTA HEALTH PLAN) SERIES 2014, CITY OF MILBANK, SOUTH DAKOTA, IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000, TO BE LOANED TO NORTHEAST SOUTH DAKOTA HEALTH PLAN, A NONPROFIT CORPORATION, TO PROVIDE FUNDS TO FINANCE THE CONSTRUCTION OF A 73,000 SQUARE FOOT HOSPITAL AND CLINIC, APPROVING

AND AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING TO THE BONDS; APPROVING AND AUTHORIZING THE EXECUTION OF THE DOCUMENTS AND THE BONDS; AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN RELATED DOCUMENTS.

WHEREAS, notice of hearing was published in the local newspaper more than 14 days prior to the hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986 (the "Code"); and

WHEREAS, a public hearing was held this July 14, 2014, providing an opportunity to hear public comment on the request by Northeast South Dakota Health Plan ("Borrower"), for the issuance by the City of its Bonds, in one or more series, in the maximum aggregate principal dollar amount of not to exceed \$10,000,000 (the "Bonds");

WHEREAS, the City Common Council has heard comment and determines that it in the best interest of the City to issue the Bonds.

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

Section 1. Authority. The City is authorized pursuant to the Constitution and laws of the State of South Dakota, including South Dakota Codified Laws Chapter 9-54, as amended (the "Act"), in order to promote, stimulate and develop the general economic welfare and prosperity of City of Milbank (the "City") and of the State of South Dakota (the "State") through the promotion and advancement of commercial and industrial development and to encourage and assist in the expansion of business in the City and State by providing greater employment opportunities, thus promoting the general welfare of the citizens of the City and State, it is necessary and advisable and in the best interest of the City and State to issue bonds for the purpose of providing funds to finance construction of a 73,000 square foot hospital and clinic building to be owned by Northeast South Dakota Health Plan, Milbank, Grant County, South Dakota (the "Project").

Section 2. Declaration of Necessity. The City hereby declares a necessity and determines that it is desirable and expedient to and does hereby authorize the issuance of the Bonds of the City pursuant to the Act to provide funds to enable Northeast South Dakota Health Plan (the "Borrower") to construct and equip the Project.

Section 3. Documents. The following documents collectively referred to as the "Documents" relating to the Bonds are hereby approved and shall be filed when in final form in the office of the City Finance Officer and open to public inspection, and are incorporated herein as if stated in full:

Loan Agreement. The Loan Agreement, (the "Loan Agreement"), between the City and Borrower, shall provide for the pledging of the loan payments thereunder for security of the Bonds.

Mortgage. A 180 Day Redemption Mortgage on the Project.

Bonds. The City shall issue, in an amount not to exceed \$10,000,000 Economic Development Revenue Bonds (Northeast South Dakota Health Plan), Series 2014 (the "Bonds") dated in 2014. The Bond form and the Bonds are, in all respects, hereby authorized, approved and confirmed, and the Mayor, Finance Officer and other appropriate officials shall be and they are hereby authorized and directed to execute and seal the Bonds and to deliver the Bonds to the purchasers thereof upon receipt of the purchase price, and to deposit the proceeds thereof in the manner provided for by the Loan Agreement.

Bond Purchase Agreement. The Bond Purchase Agreement (the "Bond Purchase Agreement") shall provide the terms of the purchase of the Bonds.

Related Documents. Collectively, all other documents that may be required by the purchaser of the Bonds or bond counsel for the completion of the transaction (the "Related Documents") are, in all respects, hereby authorized, approved and confirmed, and the Mayor, Finance Officer and other appropriate officials shall be and they are hereby authorized and directed to execute and seal the same.

Section 4. Limited Obligations and Pledge. The Bonds, together with the interest thereon, shall be limited obligations of the City payable solely out of the payments, revenues and receipts received by the City pursuant to the Loan Agreement, which payments, revenues and receipts are hereby pledged and assigned for the equal and ratable payments of the Bonds and shall be used for no other purpose than to pay the principal of and interest on the Bonds, except as may be otherwise expressly authorized in the Loan Agreement. The Bonds and the interest thereon shall not constitute an indebtedness of the City within the meaning of Article XIII Section 4 or any statutory limitation and shall not constitute or give rise to a pecuniary liability of the City or its officers, agents or employees, or a charge against the City's general credit or taxing power.

Section 5. Registration Records. The City, as registrar, shall keep registration records which shall set forth the name and registered address of the registered owner of the Bonds from time to time. Transfer of ownership of the Bonds shall be reflected in such registration records, as provided herein. The City shall comply with the provisions of Section 149 of the Internal Revenue Code.

Section 6. Authorization to Execute and Deliver. The Mayor, City Finance Officer, City Attorney and other City officials shall be and they are hereby authorized to execute and deliver for and on behalf of the City any and all other certificates, documents or other papers and to perform such other acts as they may deem necessary or appropriate in order to implement and carry out the matters herein authorized.

Section 7. No Allocation Requirement. The City finds that the Bonds will be 501(c)(3) bonds and will not require allocation of volume cap.

Section 8. Tax Exempt Obligation and Bank Qualified designation. The City hereby designates the Bonds as "qualified tax-exempt obligation" for purposes of Section 265(b) of the Internal Revenue

Code of 1986, as amended. The City does not expect to issue more than \$10,000,000 of obligations eligible to be designated as "qualified tax-exempt obligations" during calendar year 2014.

Section 9. Borrower Reliance. The Borrower may proceed with the acquisition, construction, installation and equipping of the Project in reliance on this Resolution.

Section 10. 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, or of any exhibit or attachment thereto, but this Resolution shall be construed the same as if such invalid, illegal, or unenforceable provision had never been contained herein, or therein, as the case may be

July 14, 2014

Dale Aesoph, Mayor

ATTEST: Cynthia Schumacher, Finance Officer

Connie Larson, Chamber Director, requested the use of Lake Farley and a temporary malt beverage license for a rock concert in the park. Larson explained the event would take place at Lake Farley, August 15, 2014, 4:00 pm to 12:00 am. Following discussion a motion was made and seconded to approve the Chamber request. Motion carried 6-0.

A motion was made and seconded to approve the Consent Agenda. Motion carried 6-0.

Consent Agenda

1. Evan Larson resignation effective 6-30-14, seasonal employee & reserve officer.
2. Approve advertisement for special assessments.

DEPARTMENT REPORTS

Water – Councilman Wiener reported a water main break was repaired. All meters were read for the quarter. High service pump #1 and underground pump #1 are in need of repairs. Third Street water main passed all tests and temporary water services are being removed. Madison Street water main passed all tests and is in use. There were eight delinquent shut offs in June. The city is using 100% spring water.

Rubble Site – Councilman Redmond stated we need to look at digging a new pit this fall.

Police – Councilman Lindquist reported the state firearms shoot was held. A DUI refresher course was held. Active shooter training was conducted at the hospital. There were no major security issues at Farley Fest.

Airport – No report.

Fire – Councilman Grong stated the National Night Out event is scheduled for August 14th.

Attorney – No report.

Park & Cemetery – Councilman Hanson reported new steel roofing was installed on the beach restroom at Farley Park and on the field house at Legion Field. The picnic shelters at Farley Park have been stained. Approximately 20 new trees have been planted. Several dead/diseased trees in the cemetery are being removed. Weekly mosquito spraying continues.

Finance – No report.

Streets – Councilman Redmond reported the parking stripes and crosswalks on Main Street have been painted. They will start painting the parking stripes in the parking lots. They have been mowing ditches and delinquent properties. The street sweeper has been repaired. Pothole patching continues.

Wastewater – Councilman Foster stated the plant is running good. Monthly manholes and problem areas were cleaned. Trapp Bros. are working on the control building and digester electrical room air conditioning. The DMRQA study test results were reported.

The plant lost a phase due to a power outage on July 3. The generator was utilized until OTP repaired the problem.

Planning & Zoning – Hanson reported a variance requested by Angel Mueller was approved for the construction of a deck extending within the front yard setback, 216 N 2nd St.

A motion was made and seconded to table the second reading of Ordinance 793, Annexation and Zoning. Motion carried 6-0.

June Permits: Building Permits – Bruce Larson, 502 E 9th Ave, pergola.
Roofing Permits – Ardith Larson, 517 S 2nd St, steel. Dennis Murphy, 701 S 6th St, asphalt.
Melissa Coomes, 305 W 7th Ave, asphalt.
Fence Permits – Mark DeFea, 1111 Washington Dr. Keenan Schmieg, 409 S 5th St.
Demo Permits – none.
Moving Permits – none.

Adjourn – The next regular meeting will be August 11, 2014 at 7:00 pm. A motion was made and seconded to adjourn. Motion carried 6-0.

Pat Raffety, Mayor

ATTEST:

Cynthia Schumacher, Finance Officer

Publish: July 23, 2014

Publish once at the approximate cost of \$_____