Gregory City Council
Regular Meeting
August 5, 2013

The Gregory City Council met in regular session at the Gregory City Hall on Monday, August 5, 2013 at 7:30 p.m. The following members were present: Mayor Maurice Schlaht; Council Members: Tim Mills, Shana Flakus, Seymour Studenberg, Blane Bartling and Stacey Boes. Council member absent was Chad Peck. Also present were Public Works Supt. Mark Fortuna, Head Librarian Diane Althoff, News reporter Colleen Flynn and Finance Officer Al Cerny.

Agenda
Council Member Tim Mills wanted to add a nuisance complaint to the committee reports and Mayor Schlaht had an item called "development committee" to add to the agenda. Motion was made by Stacey Boes to adopt the agenda as posted with the above mentioned additions. All members voted aye.

Minutes
Motion was made by Seymour Studenberg to approve as written the regular council meeting minutes of July 15, 2013 and the special meeting minutes of July 25, 2013. All members voted aye.

Department Head Reports
Mark Fortuna reported that they were still busy mowing and getting ready to start the street seal coating and repair work. Mark also mentioned the need for some guidelines that need to be in place for spray planes using the airport facilities.

Diane Althoff reported that the library had a good fund raiser recently and they are planning a tour of gardens next Tuesday, August 13, 2013.

Committee Reports
Tim Mills reported that he had received a report that the view at 3rd & Church Avenue was being obstructed by some plants at that intersection. Mark Fortuna agreed to visit with the property owners about getting the plants trimmed back or removed. It was also mentioned that some of the trees along Hwy 47 need to be trimmed back also to allow for better visibility.

Auditorium Roof Repairs
The council reviewed a quote for $ 2,244.90 from Willuweit Construction to repair the seams on the auditorium roof that had come undone. Motion was made by Stacey Boes to approve the quote and fix the roof. All members voted aye. A copy of the bill will be sent to the school for their share of the expense.

Hangar Rent
Motion was made by Tim Mills to approve of the following daily rental rates for use of the Gregory hangar. All members voted aye.
Normal category with wing span under 39' (Sept. 1 to Dec. 30)……. $60
Normal category with wing span under 39' (Jan. 1 to Sept. 30)……. $30
Normal category with wing span over 39' (Sept. 1 to Dec. 30)……$200
Normal category with wing span over 39' (Jan. 1 to Aug. 30)……. $100

Airport Fuel Bids
The City did not receive any airport fuel bids for AV gas or Jet A.

Pool Closing
The council agreed that the pool would close on August 13, 2013 because of the lifeguards going back to school and this date is the last date of the pay period.

Bachman First Subdivision Plat
Motion was made by Blane Bartling to approve the Bachman First Subdivision plat. All members voted aye.

Building Permit/Lori Kaupp
The council approved a building permit for a deck submitted by Lori Kaupp. The deck construction does not require a variance.

Jana Winters/Pay Request
Jana Winters was present to ask the council about granting her an increase in her contract for handling the Red Cross certified swimming lessons. Over the past years, the paperwork has increased quite a bit in managing the Red Cross swimming program. Motion was made by Tim Mills to increase her pay from $1000 to $1300 a season for managing and teaching the Red Cross swimming program for the city. All members voted aye.

County Flag Football
The city received request for a donation to help run the Gregory County Flag Football program. After some discussion, the council agreed not to give a donation.

Lease Agreement/Elevator
The council members reviewed the proposed lease agreement with the Gregory Elevator. Two items were discussed, the dollar amount should be $300 per month and the lease should run until May 1. Motion was made by Tim Mills to approve of the lease with the change being made to have the lease end on May 1, 2014 and the rate should be $300 per month. All members voted aye.

Sales Tax Resolution
The City council members reviewed a proposed resolution that would allow the City of Gregory to sell Taxable Sales Tax Revenue Bonds up to $685,000 for the purchase of land for development purposes. Motion was made by Shana Flakus to approve the following resolution relating to taxable sales tax revenue bonds and authorizing the issuance and making provisions for their payment. Ayes: Tim Mills, Shana Flakus, Seymour Studenberg, Blane Bartling and Stacey Boes. Nays: none. Motion carried.

RESOLUTION RELATING TO TAXABLE SALES TAX REVENUE BONDS, AUTHORIZING THE ISSUANCE AND MAKING PROVISIONS FOR THEIR PAYMENT

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

SECTION 1. RECITALS AND AUTHORIZATION AND SALE.

1.01. Recitals and Authorization. (a) The City is a political subdivision of the State of South Dakota and a body corporate and politic. Under the laws of the State of South Dakota, the City is possessed of all powers which are necessary, requisite or proper for the government and administration of its local and municipal matters, and all rights and powers that now or hereafter may be granted to municipalities by the laws of the State of South Dakota.

(b) The City is authorized by Chapter 10-52, South Dakota Codified Laws (the Act) to levy a "non-ad valorem tax" (as defined by the Act) on the sale, use, storage and consumption of items taxed under Sections 10-45 and 10-46, South Dakota Codified Laws, subject to certain exceptions; and the City has adopted and enacted Title III, Sections 32.20 through 32.24 of the City Code of Ordinances, as amended (the Ordinance) pursuant to the Act imposing the sales and use taxes authorized by the Act within the City (the Sales Tax).

(c) The Act provides that cities levying a Sales Tax may issue non-ad valorem sales tax revenue bonds pursuant to Section 10-52-2.10 of the Act and Chapter 6-8B, South Dakota Codified Laws in anticipation of the collection of the Sales Tax. Such bonds are required to be payable solely from collections of the Sales Tax and the City is required to covenant that it will continue to impose and collect the Sales Tax so long as such bonds are outstanding.

(d) The City has heretofore issued Sales Tax Revenue Refunding Bonds, Series 2012 (the Prior Bonds), in the aggregate principal amount of $685,000, payable as to principal, premium, if any, and interest from the Sales Tax, of which $605,000 aggregate principal amount is currently outstanding.

(e) Pursuant to a Real Estate Purchase Agreement, dated July 25, 2013 (the Real Estate Agreement), by and between the City and Elizabeth Barrett, Patricia Keiser and Marianne Von Seggern, (the Sellers), the City has agreed to purchase, at a purchase price of $660,000 (the Purchase Price), certain real property (the Land) described therein for use as an industrial park.

(f) The City has determined it to be in the City's best interest to issue its non-ad valorem sales tax revenue bonds to be designated "Taxable Sales Tax Revenue Bonds, Series 2013" (the Bonds), in a principal amount which, together with available funds of the City in the amount of $60,000, does not exceed the sum of: (i) the Purchase Price of the Land, (ii) the amount necessary to fund a reserve fund for the Bonds, (iii) the amount necessary to pay costs of issuance of the Bonds.

1.02. Sale and Bond Purchase Agreement. The Bonds authorized hereby shall be sold to Dougherty & Company LLC, of Minneapolis, Minnesota (the Purchaser) in an aggregate principal amount which, together with available funds of the City in the amount of $60,000, does not exceed the sum of: (i) the Purchase Price, (ii) the amount necessary to fund a reserve fund for the Bonds and (iii) the amount necessary to pay costs of issuance of the Bonds, including an underwriter's discount not exceeding 2.00% of the principal amount of the Bonds and original issue discount (not to exceed 1% of the principal amount of the Bonds), if any. The Bonds shall bear interest at a rate or rates per annum resulting in an average yield not greater than 5.5% per annum and to mature over a period not to exceed 12 years. The Mayor and Finance Officer are hereby authorized and directed to agree with the Purchaser upon the exact purchase price, principal amount, maturities, redemption provisions and interest rate or rates for the Bonds, within the parameters set forth in this Section 1.02. The execution of a purchase agreement (the Bond Purchase Agreement) setting forth such final terms by the Mayor and Finance Officer is hereby approved and authorized and such execution shall be conclusive evidence of such agreement and shall be binding upon the City. The provisions of the Bond Purchase Agreement as so executed, including all Exhibits and Appendices thereto, are incorporated herein by reference. The law firm of Dorsey & Whitney LLP, in Minneapolis, Minnesota, is hereby appointed as bond counsel and disclosure counsel for purposes of this issue of Bonds.

1.03. City Officers Authorized to Execute Documents. The Mayor, Finance Officer and City Attorney are hereby authorized and directed to execute and deliver the Bond Purchase Agreement and the documents required thereunder, the Official Statement, the Bonds and any other documents required to complete the financing contemplated hereby. Execution and delivery of such documents by the Mayor, Finance Officer and City Attorney shall constitute evidence that such items are consistent

with the terms of this resolution and have been duly authorized, executed and delivered by the City and are enforceable against the City in accordance with their terms, subject to customary exceptions relating to bankruptcy, reorganization, insolvency and other laws affecting creditors' rights. The Mayor, Finance Officer and City Attorney are further authorized to take such other actions as may be required to effectuate the terms and intent of this resolution. In the event of the absence or disability of the Mayor, Finance Officer or City Attorney, the acting Mayor, the acting Finance Officer or the Assistant City Attorney are hereby authorized to act in the place and stead of the Mayor, Finance Officer and City Attorney, and to take all actions and execute all documents approved hereby.

1.04. Official Statement. The Mayor, Finance Officer and the City Attorney, are authorized, in cooperation with the Purchaser, to prepare an Official Statement to be distributed to prospective purchasers of the Bonds. The Mayor and the Finance Officer are hereby authorized and directed to approve, and, if requested, to execute the final Official Statement.

SECTION 2. BOND TERMS, EXECUTION AND DELIVERY.

2.01. Execution, Authentication and Delivery. The Bonds shall be prepared under the direction of the Finance Officer and shall be executed and authenticated on behalf of the City by the signatures of the Mayor and the Finance Officer and countersigned by an attorney resident and licensed to practice in the State of South Dakota. All signatures may be printed, lithographed or engraved facsimiles of the original. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds 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 such officer had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. After the Bonds have been so prepared and executed, the Finance Officer shall deliver them to the Registrar for delivery to the Purchaser on receipt of the purchase price heretofore agreed upon, and the Purchaser shall not be required to see to the application thereof.

2.02. Maturities and Interest Rates. The Bonds shall be issued in the denomination of $5,000 each, or any integral multiple thereof, shall mature on the dates and in the respective years and amounts, and shall bear interest from date of original issue until paid or duly called for redemption at the respective annual rates stated opposite such maturity years as shown on Exhibit A to the Bond Purchase Agreement. The Bonds shall be issuable only in fully registered form and may be issued either in book-entry only form or in physical form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, shall be payable by check or draft issued by the Registrar described herein; provided if the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.08 hereof, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.03. Dates and Interest Payment Dates. Each Bond shall bear a date of original issue as of the first day of the month in which the Bonds are delivered to the Purchaser. Upon the initial delivery of the Bonds pursuant to Section 2.01 and upon any subsequent transfer or exchange pursuant to Section 2.06, the date of authentication shall be noted on each Bond so delivered, exchanged or transferred. The interest on the Bonds shall be payable on the dates shown on Exhibit A to the Bond Purchase Agreement, to the owner of record thereof as the close of business on the fifteenth day of the

immediately preceding month, whether or not such day is a business day. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

2.04. Redemption. The Bonds shall be subject to redemption prior to maturity, at the option of the City, in the years and at the redemption prices set forth in Exhibit A to the Bond Purchase Agreement in such order of maturities as may be designated by the City and, within any maturity, in $5,000 principal amounts selected by the Registrar by lot, assigned in proportion to their principal amounts. The Finance Officer shall cause notice of the call for redemption thereof to be published as and if required by law, and, at least thirty days prior to the designated redemption date, shall cause notice of the call thereof for redemption to be mailed, by first class mail (or, if applicable, by the bond depository in accordance with its customary procedures), to the registered owners of any Bonds to be redeemed at their addresses as they appear on the bond register described in Section 2.06 hereof, but no defect in or failure to give such mailed notice shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. The notice of redemption shall specify the redemption date, redemption price, the numbers, interest rates and CUSIP numbers of the Bonds to be redeemed and the place at which the Bonds are to be surrendered for payment, which is the principal office of the Registrar. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

2.05. Appointment of Initial Registrar. The City hereby appoints The First National Bank in Sioux Falls, Sioux Falls, South Dakota, as bond registrar, transfer agent and paying agent (the Registrar). The Mayor and the Finance Officer are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon thirty (30) days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of the Council, the Finance Officer shall transmit to the Registrar, from the accounts described in Section 4, moneys sufficient for the payment of all principal and interest then due.

2.06. Registration. The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its principal office a bond register in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may,

however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until such interest payment date.

(c) Exchange of Bonds. Whenever any Bonds are surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity, as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. All Bonds surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name any Bond is at any time registered in the bond register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Bonds, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any such Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that such Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Bond prior to payment.

2.07. Bond Form. The Bonds shall be prepared in substantially the form presented to and approved by this Council and on file in the office of the Finance Officer.

2.08. Securities Depository. The Bonds shall be issued in book-entry only form and the following provisions shall apply:

(a) For purposes of this section the following terms shall have the following meanings:

"Beneficial Owner" shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person's subrogee.

"Cede & Co." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

"DTC" shall mean The Depository Trust Company of New York, New York.

"Participant" shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

"Representation Letter" shall mean the Representation Letter pursuant to which the sender agrees to comply with DTC's Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Registrar nor the City shall be affected by any notice to the contrary. Neither the Registrar nor the City shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, the City may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC by the Mayor or Finance Officer is hereby authorized and directed.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

SECTION 3. CAPITAL IMPROVEMENT FUND.

3.01. Capital Improvement Fund. The Finance Officer has established and will maintain the Capital Improvement Fund as a separate and special fund in the financial records of the City until all Bonds issued and made payable therefrom, and interest due thereon, have been duly paid or discharged. All collections of the Pledged Revenues, as hereinafter defined, shall be credited, as received, to the Capital Improvement Fund. Within the Capital Improvement Fund are various separate accounts to be maintained by the City.

3.02. Pledged Revenues. Pursuant to the Act and the Ordinance, the City has levied the Sales Tax on the sale, use, storage and consumption of items taxed under Sections 10-45 and 10-46 of South Dakota Codified Laws, subject to certain exceptions. That portion of the proceeds of the Sales Tax in excess of the proceeds produced by the first one percent (1%) of the Sales Tax is irrevocably pledged and appropriated to, shall be deposited to the Capital Improvement Fund and is referred to herein as the "Pledged Revenues." The Pledged Revenues and the Capital Improvement Fund shall be used and applied only in the manner and order hereinafter set forth. For purposes of this Resolution, "Outstanding Bonds" shall mean the Prior Bonds, the Bonds and any parity lien bonds hereafter issued pursuant to this Resolution.

3.03. Construction Account. There is hereby created and established within the Capital Improvement Fund, a separate account designated as the Sales Tax Revenue Bonds, Series 2013 Construction Account (the Construction Account). There shall be credited to the Construction Account the proceeds from the sale of the Bonds remaining after the deposit to the Reserve Account required by Section 3.05. All moneys credited to the Construction Account shall be applied solely to the payment of the Purchase Price and costs related to the issuance of the Bonds. All sums derived from the investment of moneys in the Construction Account shall remain in and become part of such account. Upon payment of the Purchase Price and when all costs of issuance have been paid, any balance remaining in the Construction Account shall be credited to the Principal and Interest Account hereinafter established.

3.04. Principal and Interest Account. There is hereby created and established within the Capital Improvement Fund, a separate account designated as the Sales Tax Revenue Bonds, Series 2013 Principal and Interest Account (the Principal and Interest Account). Immediately upon delivery of the Bonds, there shall be credited to the Principal and Interest Account the amount of accrued interest received from the Purchaser. Commencing on the date specified in the Bond Purchase Agreement, there shall be withdrawn from the Capital Improvement Fund at least monthly and credited to the Principal and Interest Account an amount which will equal at least one-sixth (1/6th) of the principal and interest becoming due on the next succeeding payment date with respect to the Outstanding Bonds. In

all events there shall be credited to the Principal and Interest Account amounts sufficient to pay the principal of and interest on the Outstanding Bonds as the same become due.

3.05. Reserve Account. There is hereby created and established within the Capital Improvement Fund, a separate account designated as the Sales Tax Revenue Bonds, Series 2013 Reserve Account (the Reserve Account). On the Redemption Date there shall be credited to the Reserve Account from proceeds of the Bonds or from amounts on deposit in the reserve account created for the Refunded Bonds, an amount equal to the lesser of (i) 10% of the original principal amount of, or (ii) the maximum annual debt service on, all Outstanding Bonds having a parity lien on the Pledged Revenues (the Minimum Reserve). Thereafter, in the event that the amount on deposit in the Reserve Account shall thereafter fall below the Minimum Reserve, additional deposits shall be made from the Pledged Revenues to the Reserve Account until the Minimum Reserve is again reached. Upon the issuance of any parity lien bonds, the Minimum Reserve established in this section shall be increased to an amount equal to the combined maximum annual debt service on the Outstanding Bonds. The balance required shall be funded on the delivery date of the parity lien bonds. Moneys credited to the Reserve Account may be used only for the payment of principal of and interest on the Outstanding Bonds and shall be used only in the event that there are insufficient moneys in the Principal and Interest Account to meet such principal and interest payments promptly when due. The interest from any investment of the Reserve Account shall be transferred from time to time to the Principal and Interest Account, provided that no transfer of investment income shall be made from the Reserve Account at any time when the balance therein is less than the Minimum Reserve. Such investments shall be subject to the limitations of South Dakota law.

3.06. Subordinate Lien Bonds. After making the above required payments, any remaining Pledged Revenues shall be used for the payment of the principal of and interest on any additional sales tax revenue bonds having a lien which is subordinate to the lien of the Outstanding Bonds, and for a reserve fund as additional security for the payment of such subordinate lien bonds.

3.07. Other Capital Improvements; Interfund Transfer. The remaining Pledged Revenues may be (i) used for paying the cost of other capital improvement projects or land acquisition which the City is legally authorized to undertake and/or the payment of debt service on other bonds of the City, and contractual obligations of the City incurred for the purpose of paying the costs of legally authorized capital improvement projects for the City or (ii) transferred to the general fund of the City, to the extent then permitted by South Dakota law. Such Pledged Revenues shall not be pledged or expended, by interfund transfer or otherwise, for any general purposes of the City except as herein indicated.

3.08. Deposit and Investment of Funds. The Finance Officer shall cause all moneys pertaining to the Fund to be deposited as received with one or more banks which are duly qualified public depositories under the provisions of Chapter 4-6A, South Dakota Codified Laws, 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 moneys shall at any time be withdrawn from such deposit accounts except for the purposes of the Fund as authorized in this Resolution; except that moneys from time to time on hand in the Fund may at any time, in the discretion of this Council, be invested in securities permitted by the provisions of Section 4-5-6, South Dakota Codified Laws; provided that moneys on hand in the Reserve Account may be invested only in direct, general obligations of the United States of America maturing and bearing interest at the times and in the amounts estimated to be required to provide cash when needed for the purposes of the respective accounts. Income received from the deposit or investment of moneys shall

be credited to the 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 in that account.

SECTION 4. ADDITIONAL BONDS. No additional Bonds shall be issued and made payable from the Pledged Revenues and having a lien upon such revenues and the Capital Improvement Fund which is prior to or superior to the lien of the Bonds authorized herein. Nothing in this Resolution shall be construed in such manner as to prevent the issuance by the City of additional bonds payable from the Pledged Revenues and constituting a lien upon the Pledged Revenues and the Capital Improvement Fund equal to or on a parity with the lien of the Bonds authorized herein, provided (i) the City is current in the payment of principal and interest on the Outstanding Bonds and is current in the accumulations required for the Principal and Interest Account and the Reserve Account, (ii) the City is in compliance with the covenants herein contained, and either (iii) the Pledged Revenues collected by the City in the last preceding fiscal year (as determined by the City) is sufficient to cover 1.25 times the combined average annual principal and interest requirements on the Outstanding Bonds, and the proposed parity lien bonds, or (iv) the estimated Pledged Revenues to be collected in the fiscal year in which the proposed parity lien bonds will be issued shall be at least equal to 1.25 times the combined average annual principal and interest requirements of the Outstanding Bonds and the proposed parity lien bonds. Nothing herein shall prevent the City from issuing Bonds payable from the Pledged Revenues and the Capital Improvement Fund and having a lien thereon which is junior and subordinate to the lien of the Bonds authorized herein.

SECTION 5. DEFEASANCE. When all of the Bonds have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution shall cease. The City may discharge its obligations with respect to any Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any Bond should not be paid when due, the same may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued from the due date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds according to their terms by depositing with the Registrar on or before that date an amount equal to the principal and interest which are then due, provided that notice of such redemption has been duly given as provided herein. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law to act as an escrow agent for this purpose, cash and/or securities which are general obligations of the United States or securities of United States agencies which are authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates, as shall be required to pay all principal and interest to become due on such Bonds to maturity or the redemption date thereof, as the case may be.

SECTION 6. COVENANTS OF THE CITY. The City hereby irrevocably covenants and agrees with each and every holder of the Bonds, that so long as any of the Bonds remain outstanding:

(a) it will not amend or repeal the Ordinance relating to the Sales Tax by decreasing the sales tax rate or the allocation of revenues thereof to the Capital Improvement Fund, or in any way that would adversely affect the amount of Sales Tax revenues which would otherwise be collected and deposited to the Capital Improvement Fund. However, nothing shall prevent the City from amending the Ordinances in order to make certain changes in the administration, collection or enforcement of the Sales Tax, provided that such changes would not materially adversely affect the owners of the Bonds;

(b) it will administer, enforce, and collect, or cause to be administered, enforced or collected, the Sales Tax authorized by the Ordinances, and shall take such necessary action to collect delinquent payments in accordance with law;

(c) it will keep or cause to be kept such books and records showing the proceeds of the Sales Tax, in which complete entries shall be made in accordance with standard principles of accounting, and any owner of any Bond shall have the right at all reasonable times to inspect the records and accounts relating to the collection and receipts of such Sales Tax; and

(d) in the event the Sales Tax of the City is replaced and superseded by a state collected-locally shared sales tax or taxes, or is replaced and superseded in some other manner from some other source or sources, the revenues derived by the City from the replacement source or sources, as received by the City shall be appropriated in the same manner as if the City had levied and imposed a sales tax. From and after the date of a replacement, the Outstanding Bonds shall have a first and prior lien, but not necessarily an exclusive such lien, upon such replacement revenues to the extent therein specified.

SECTION 7. CONTINUING DISCLOSURE. The SEC has promulgated certain amendments to Rule 15c2-12 under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (the Rule) that make it unlawful for an underwriter to participate in the primary offering of municipal securities in a principal amount of $1,000,000 or more unless, before submitting a bid or entering into a purchase contract for the Bonds, it has reasonably determined that the City or an obligated person has undertaken in writing for the benefit of the bondholders to provide certain disclosure information to prescribed information repositories on a continuing basis or unless and to the extent the offering is exempt from the requirements of the Rule. The principal amount of the Bonds is less than $1,000,000. The City hereby represents that it has not issued within the six months before the date of issuance of the Bonds, and that it reasonably expects that it will not issue within six months after the date of issuance of the Bonds, other securities of the City of substantially the same security and providing financing for the same general purpose or purposes as the Bonds. Consequently, this Council hereby finds that the Rule is inapplicable to the Bonds, because the aggregate principal amount of the Bonds and any other securities required to be integrated with the Bonds thereunder is less than $1,000,000. Therefore, the City will not enter into any undertaking to provide continuing disclosure of any kind with respect to the Bonds.

SECTION 8. CERTIFICATION OF PROCEEDINGS. The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records of the City relating to the authorization and issuance of the Bonds and such other affidavits and certificates as may reasonably be required to show the facts relating to the legality and marketability of the Bonds as such facts appear from the officers' books and records or as are otherwise known to them. All such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the City as to the correctness of the facts recited therein and the actions stated therein to have been taken.

SECTION 9. AMENDMENT. This resolution may be amended at any time prior to the issuance of the Bonds by adoption of an administrative resolution.

Upon vote being taken thereon, the following voted in favor thereof: Tim Mills, Shana Flakus, Seymour Studenberg, Blane Bartling and Stacey Boes

and the following voted against the same: none

Whereupon the resolution was declared duly passed and adopted, and was signed by the Mayor and attested by the Finance Officer.

_____
Maurice Schlaht, Mayor

ATTEST: _____
Al Cerny, Finance Officer

(SEAL)

Adopted: August 5, 2013
Publish: August 14, 2013
Effective Date: September 3, 2013

Employee Salary List
Motion was made by Tim Mills to list the following salary amounts for all full and part-time city employees. All members voted aye.
Pool Employees: Christina Drey, $7.50 per hour; Josie Fortuna, $7.50 per hour; Paxten Johnson, $9.25 per hour; Erika McClellan, $8.00 per hour; Courtney Opbroek, $7.75 per hour; Shelby Rajewich, $7.50 per hour; Ashlie Steppat, $7.75 per hour

Park Employees: Brody Boes $7.50 per hour; Cody Jung, $7.50 per hour; Lonnie Klundt, $1800.00 for the season; Tamara Thomas, $1300.00 for the season

Library Employee: Lydia Thueson, $7.25 per hour

Police Part-time Employee: Dan Sedillo, $11.50 per hour; Curt Vakiner, $12.00 per hour (4th of July); Charles Bull Bear, $12.00 per hour (4th of July)

Street Employee: Jerry Hemeyer, $9.50 per hour
Note: The regular and full time salaries were reported in the January 7, 2013 council minutes.

Vacation Pay Request
The council received a request from a city employee to cash in on some of the extra vacation pay that had been accrued. The current policy manual states that upon leaving employment with the city, an employee can be paid for vacation hours not used. Motion was made by Shana Flakus to deny the request to get paid for unused vacation pay. All members voted aye, with the exception of Stacey Boes who voted nay. Motion passed.

Development Committee
Mayor Schlaht wanted to create a committee to help with the development of the proposed land purchase and other development going on. He appointed Tim Mills, Blane Bartling and Stacey Boes. At this time, the council had a discussion on the various committees and people already involved with the development efforts. Mayor Schlaht rescinded his action on creating the development committee. It was agreed by all that a greater effort would be made to keep the council members informed of the development activities going on as the council would have the final say on any matters involving the sale of city land or use of city funds.

Claims:
Motion was made by Stacey Boes to pay the following claims and to include the $1300 to Jana Winters.

All members voted aye.

ACE'S BACKHOE SERVICE	BACKHOE WORK	1502.56
APPEARA	TOWELS/COVERALLS/HAND CLEANER	91.80
CHRISTENSEN SALES & SERVICE	BALLAST AND BURNER REPLACEMENT	129.64
COMMERCIAL ASPHALT	ASPHALT MATERIAL	10023.75
DAKOTA FLOORING	CARPET REMANENT POLICE ROOM	66.69
DEPARTMENT OF REVENUE	WATER TESTING FEES	192.00
DOCKENDORF EQUIPMENT CO	REPLACE GASBOY MONITOR	1025.00
ENGINEERING AMERICA INC	BLUE WATER TANK INSPECTION	3332.50
GOLDEN WEST TELECOMMUNICATIONS	AUGUST PHONE SERVICE	973.85
GREGORY ATHLETIC CLUB	2013-14 ATHLETIC CALENDAR	10.00
GREGORY LANES	MEALS FOR CITY WIDE CLEANUP	31.83
GREGORY SWIM TEAM	REIMB/SWIM MEET JAMES RIVER	181.75
GREGORY TIMES-ADVOCATE	PUBLISHING/ADS	282.03
H & J SALES	OIL/ROTARY MOWER BLADES	152.50
HAWKINS INC	CHLORINE/SODA ASH/SODIUM HYDRO	4034.58
HD SUPPLY WATERWORKS LTD	REPAIR COUPLING	221.40
HEALTH POOL OF SOUTH DAKOTA	HEALTH INSURANCE	4442.08
HELMS & ASSOCIATES	ENGINEERING WORK/HANGAR	524.92
JANA WINTERS	ADDITIONAL AMT FOR LESSONS	1300.00
JENNIFER PECK	REFUND OF SWIMMING LESSONS	30.00
KEVIN RAYMAN	REMOVE TREE STUMP/V BERENS	60.00
KLEIN'S TRUE VALUE	KEYS/PADLOCKS/TOWELS/B.TISSUE	399.63
M & J AUTO INC	CARRY CASE FOR DROID PHONE	49.99
MICHAEL TODD & COMPANY	GUTTER BROOM FOR ST SWEEPER	312.92
MR AUTOMOTIVE	EPOXY/VELCRO/OXYGEN REFILL	62.10
NAPER TRANSPORT INC	88.54 TONS OF GRAVEL	1637.99
OFFICE PRODUCTS CENTER	COPY MACHINE CONTRACT	35.00
OPPERMAN INC	GRAVEL/CRUSHED CONCRETE	2755.49
PETTY CASH	REIMBURSEMENT	11.10
POMPS TIRE SERVICE INC	4 TIRES FOR SKID LOADER	1090.00
PRAIRIE HILLS CONSTRUCTION INC	TREE DUMP WORK	150.00
ROSEBUD AUTO PARTS	BATTERY/FILTERS/FUEL PUMP/SEAL	468.52
ROSEBUD ELECTRIC COOP INC	ELECTRICITY USED	5850.62
RUNNING'S SUPPLY INC	SHELLS/CAT FOOD/FITTINGS/TOTE	367.84
SHEEHAN MACK SALES & EQUIPMENT	PARTS FOR VOLVO LOADER	683.07
THOMPSON REUTERS-WEST	CRIMINAL LAW/MV LAW PAMPHELT	306.00
TRIPP COUNTY WATER USER DIST	MONTHLY SERVICE MINIMUM	3000.00
WILSON HEATING & COOLING	CHANGER AIR FILTERS/AUD	90.00
**** PAID TOTAL *****		45,879.15

7-16-13 Payroll:
BankWest, federal withholding, $1,473.84; BankWest, FICA, $2,447.80; BankWest, Medicare, $572.52; SDRS, retirement, $1,755.94; Aflac, employee deductions, $226.96; Office of Child Support Enforcement, employee deduction, $219.23; City of Gregory, employee deductions (cell phone), $166.95; Finance

Officer, 1,756.01; Police Dept., $5,675.84; Street Dept., $3,418.00; Pool, $3,285.77; Park, $1,367.50; Library, $1,220.80; Economic Development, $200.00; Water Dept., $2,945.30

7-30-13 Payroll:
BankWest, federal withholding, $1,398.72; BankWest, FICA, $2,230.52; BankWest, Medicare, $521.66; SDRS, retirement, $1,636.38; Aflac, employee deductions, $226.96; Office of Child Support Enforcement, employee deduction, $219.23; Finance Officer, $1,756.00; Police Dept., $4,529.64; Street Dept., $3,221.34; Pool, $3,496.92; Park, $1,202.81; Library, $1,306.97; Water Dept., $2,603.21; BankWest, federal withholding, $567.50; BankWest, FICA, $554.58; BankWest, Medicare, $129.72; Ambulance, $4,472.00

Adjourn
Motion was made by Tim Mills to adjourn. All members voted aye.

_____
Maurice Schlaht, Mayor

ATTEST: _____
Al Cerny, Finance Officer