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**MOBRIDGE CITY COUNCIL
REGULAR MEETING
January 10, 2024**

Pursuant to due call and notice thereof, a Regular Meeting of the Common Council of the City of Mobridge, South Dakota was held in City Hall in said City on Wednesday, January 10, 2024 at 5:30 PM. Mayor Gene Cox, City Administrator/Finance Officer Heather Beck and the following council was present: Mound, Cerney, Reichert, Jensen, Kemnitz and Carlson.

AGENDA:

The agenda was approved on a motion by Reichert, second by Carlson and carried with the following change: the addition of discussion on the parking ordinance and moving the February meeting.

MINUTES:

Moved by Mound, second by Carlson and carried, to approve the minutes from the December 13, 2023 regular meeting. Moved by Kemnitz, second by Reichert and carried, to approve the minutes from the December 27, 2023 special meeting.

PUBLIC FORUM & VISITORS:

Charlie Baker and Kent Penney with KLJ Engineering was present to discuss the future projects of the airport. Their recommendation is to complete a master plan. The last one was done in 2005. The cost is approximately \$350,000 with a local share of \$17,500. This will help in future planning and determining necessary projects.

DEPT HEAD REPORTS:

Fire Department – Chief Doug Delaroi

FIRE DEPT MEMBERS –Moved by Carlson, second by Reichert and carried, to approve the following fire department roster for 2024: Doug Delaroi, James Bieber, Kelly Silbernagel, Ryan Ries, Mitch Voller, Justin Wiest, Brent Wiederholt, Kris Mosset, Steve Schneider, Kody Conlon, Justin Sadler, Brady Fuhrer, Kasey Roesler, Kurt Schmaltz, Chris Zeller, Dave Guggolz, Adam Fiedler, Jed Gosch, Kyle Beier, Hunter Delaroi, Chase Delaroi, Wyatt Bieber, Snowy Fire Cloud, Colton Hunter and Scott Mertz.

Zoning

BUILDING PERMITS - The following building permit was approved by the Zoning Officer for the month of December: New Freedom Baptist Church, 415 6th Ave East, Handicap Ramp; Chris Huber, 105 5th Ave East, Replacing door with a 36" door & replacing bay window with a 9'x4' window

2023 BUILDING PERMIT SUMMARY – The Council was presented with a 2023 summary of building permits issued and zoning activity. 74 building permits were issued for a total dollar value of \$1,380,775.

Recreation & Events – Manager Monica Weninger-Schmaltz – Weninger-Schmaltz gave the Council a fun update on her past and upcoming events.

NEW BUSINESS:

RESOLUTION 24-01, SALARIES – Moved by Carlson, second by Reichert and carried, to approve Resolution 24-01, 2024 salaries.

RESOLUTION 24-01

WHEREAS, the following offices or positions of the City are created by statute or ordinance (Mobridge Ordinance 1-1-2); and
WHEREAS, the compensation must be set for each employee (Mobridge Ordinance 1-1-1[25]);
NOW THEREFORE, BE IT RESOLVED that the following compensation shall be set for 2024;

Name	Position	Hourly	Annually
Cox, Gene	Mayor		\$9,548.00
Carlson, Randy	Councilperson		\$6,753.00

Cerney, Amy	Councilperson		\$6,753.00
Jensen, Kyle	Councilperson		\$6,753.00
Kemnitz, Brent	Councilperson		\$6,753.00
Mound, Jade	Councilperson		\$6,753.00
Reichert, Curtis	Councilperson		\$6,753.00
DeLaroi, Doug	Fire Chief		\$5,400.00
Ries, Ryan	Assistant Fire Chief		\$1,200.00
Hunter, Colton	Fire Dept Sec-Treas		\$1,800.00
Sadler, Justin	Fire Safety Officer		\$1,200.00
Beck, Heather	Finance Officer/City Administrator		\$84,961.00
Naasz, Alicia	Deputy Finance Officer	\$21.84	
Rawstern, Jacquelyn	City Clerk/Zoning Officer	\$19.04	
Weninger-Schmaltz, Monica	Recreation & Events Manager	\$20.60	
Fuhrer, Brady	Airport Manager		\$9,000.00
Blankartz, Donald	Waste Water Plant PT	\$40.00	
Brown, Daron	Water Plant Manager	\$25.37	
Fuhrer, Brady	Water Dept	\$19.29	
Kaiser, Charles Bo	Water Dept	\$23.45	
Keller, Chris	Water Dept	\$22.60	
Schmaltz, Kurt	Water & Waste Water Superintendent		\$74,335.00
Shillingstad, Nathan	Water Plant Operator	\$20.26	
Vogel, Aaron	Wastewater Maintenance	\$18.11	
Benson, Caylor	Dispatcher	\$22.76	
Bratland, Nick	Police Officer	\$27.14	
DeLaroi, Doug	Police Officer	\$27.86	
Farmen, Lesley	Fill In Police Officer	\$25.65	
Fire Cloud, Snowy	Dispatcher	\$24.46	
Fischer, Tammie Rae	Dispatcher	\$27.11	
Jungwirth, Justin	Captain/E911 Coordinator		\$74,045.00
Kaiser, Mark	Dispatcher	\$24.46	
Keller, Katelyn	Dispatcher	\$20.17	
Killsback, Emily	Police Officer	\$21.20	
Lutz, Candice	Dispatcher	\$26.11	
Madison, Shawn	Police Chief		\$88,616.00
Maier, Laura	Dispatcher	\$27.11	
Norder, Ashton	Police Officer	\$27.86	
Open	Police Officer	\$21.20	
Perman, Layne	Fill In Police Officer	\$25.65	
Rische, Cindy	Dispatcher	\$24.46	
Romans, Teresa	24/7 Administrator	\$18.09	
Talley, Teylor	Dispatcher	\$21.88	
Wren, Barrett	Police Officer	\$23.92	
Bieber, Wyatt	Street/Park Maintenance	\$20.22	
Enderson, Ryan	Street/Park Superintendent	\$30.93	
Fischer, Joshua	Street/Park Maintenance	\$22.38	
Bieber, Karla	Library Director	\$23.75	
Wilson, Staci	Assistant Librarian	\$16.07	

DESIGNATE OFFICIAL DEPOSITORIES - Moved by Reichert, second by Mound and carried, to designate Dacotah Bank, First Interstate Bank, Wells Fargo Bank and SD Public Funds Investment Trust as the official depositories for 2024.

DESIGNATE OFFICIAL NEWSPAPER - Moved by Reichert, second by Kemnitz, and carried, to designate the Mobridge Tribune as the official newspaper for 2024.

ELECTRONIC/EARLY PAYMENTS - Moved by Mound, second by Kemnitz, and carried, to authorize the Finance Officer to pay the following vendors electronically and/or prior to the next council meeting in order to meet vendor requirements and deadlines: Cardmember Services, Century Link, Credit Collections Bureau, Deposit Refunds for Scherr Howe, Dish TV, First National Bank, Fleet Services, First Interstate Bank, Kansas City Life, Marco, Midco, SD Retirement System, SD Office of Child Support, SDRS Supplemental Retirement, SD State Treasurer, SD Unemployment Insurance Division, USDA Rural Development, Venture Communications, Verizon Wireless, United Accounts, US Bank and Wellmark Blue Cross Blue Shield.

ELECTION DATE AND COMBINE ELECTION - Moved by Carlson, second by Mound and carried, to set the annual municipal election date as April 9, 2024 and to combine the April 9, 2024 municipal election with Mobridge-Pollock School District school election.

GARBAGE BID – One bid was received for garbage service in the City from Heartland Waste at \$15.95 per household. Moved by Carlson, second by Cerney and carried, to approve the bid and 3-year contract for garbage service with Heartland Waste.

RESOLUTION 24-02, GARBAGE RATES – Moved by Carlson, second by Mound and carried, to approve Resolution 24-02, garbage rates.

RESOLUTION NO. 24-02

WHEREAS, pursuant to the City of Mobridge Ordinance 5-4A-2 paragraph A, the City is to set garbage collection rates for the residents of the City.

NOW THEREFORE, effective March 1, 2024, the garbage collection rate established for each residence, including each housing unit, to be billed on the resident's or housing units utility bill shall be in the monthly sum of \$19.45.

For the purposes of this Resolution, a housing unit shall include all single and multiple family dwellings and each apartment located in an apartment building shall be considered a separate housing unit and all mobile homes located in a mobile home park shall be considered separate housing units.

STEP INCREASE – Moved by Reichert, second by Carlson and carried, to approve a step increase for dispatcher Cindy Rische, increasing her hourly wage \$.32 effective January 1, 2024.

DISCUSSION AND INFORMATION:

FINANCIAL STATEMENT – Beck presented a financial statement to the Council.

COUNCIL MEETING DATE – Due to a scheduling conflict, the Mayor asked for any objection to change the February meeting to February 7, 2024 instead of February 14, 2024. The February regular meeting of the Mobridge City Council will be held February 7, 2024.

DISCUSSION ON PARKING ORDINANCE – The Council discussed the parking ordinance regarding parking on a hard surface and not grass. Much of the discussion was held on commercial versus residential and the intent of the ordinance. Members of the public spoke to the council.


PAYMENT OF BILLS:

Moved by Kemnitz, second by Carlson and carried, to approve the following bills for payment: Accounts Management Inc., garnishment 113.70; Aflac, insurance 896.34; AT&T Mobility, utilities/telephone 426.58; Badger Meter, prof. services 107.40; Beadle's Chevrolet, repair & maintenance 835.56; Butler Machinery, snow removal/supplies 666.66; Cam Wal Electric, street lights/utilities 633.87; Cardmember Services, prof. services/travel & conference 64.86; CDW Government, computer hardware & software 3,515.40; CentralSquare Technology, prof. services 7,083.36; Century Business Products, supplies 92.44; Chamber of Commerce, other 11,406.81; Code Enforcement, prof. services 1,036.96; Credit

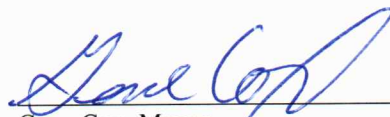
Collections Bureau, garnishment 460.02; Dakota Glass & Alignment, tires 815.96; Delta Dental of SD, dental 343.00; First Interstate Bank, HSA contributions/payroll taxes 18,958.82; Fisher Scientific, chemicals 594.45; Fleet Services, gasoline/vehicle maintenance 2,233.17; Grand Central, prof. services/vehicle maintenance 807.73; Gregg's Drilling & Excavating, prof. services/repair & maintenance 1,350.20; Hach Company, supplies 4,406.07; Hanna Instruments, supplies 660.00; Heartland Waste, prof services 21,044.60; High Point Network, computer software & hardware 3,164.35; Jensen Rentals, other services 60.00; KCL, insurance 505.66; KR Building Products, supplies 7.90; Language Line Services, prof. services 90.00; Mastercard, office supplies/other services/computer software & hardware/sup. inhouse repairs/supplies 827.29; McLeod's Printing & Office Supplies, supplies 185.54; MDU, street lights 3,383.50; Midco, utilities 185.39; Mobridge Hardware, repair & maintenance/supplies/building maintenance/uniforms 670.42; Mobridge Manufacturing, supplies 88.00; Mobridge Rotary Club, membership dues 90.00; Moore Engineering, other capital/prof. services 4,136.25; NAPA Auto Parts, supplies 109.83; Nate Pepin, refund 34.16; NECOG, prof. services 1,748.45; North Central Steel Systems, building maintenance/buildings 1,855.01; Oahe Vet, prof. services 290.00; Open Canvas, prof. services 21.00; Payment Service Networks, credit card fees 54.95; Plunkett Pest Control, prof. services 69.05; Premier Equipment, small tools 111.70; Rodenburg Law Firm, garnishment 287.62; Roesler Tree Services, prof. services 600.00; Runnings Supply, repair & maintenance/supplies/small tools 648.81; SD Airport Management Assoc, prof. services 50.00; SD Building Officials' Assoc, prof services 50.00; SD Child Support Payment Center, garnishment 279.69; SD City Management Assoc, prof. services 150.00; SD DANR, prof. services 3,550.00; SD Governmental Finance Officers' Assoc. 40.00; SD Municipal League, prof. services 2,948.89; SD Municipal Street Maintenance Assoc. 35.00; SD One Call, prof. services 5.25; SD Police Chiefs' Assoc., prof. services 200.00; SD State Treasurer, sales tax 1,642.43; SD Unemployment Insurance, unemployment compensation 202.45; SDRS Supplemental Retirement, retirement 175.00; Slater Oil & LP Gas, diesel/lp gas/gasoline 5,990.35; Tri-State Waters, supplies 44.40; US Bank, loan 43,224.48; US Postal Service, postage 772.45; USDA-Rural Development, loan payment 5,298.00; Valley Telecommunications, utilities 816.16; Voyager, gasoline/diesel 598.21; Walworth County Landfill, prof. services 84.64; West River Telecommunications, utilities 3,989.69.

Salaries: Administration – 6264.41; City Administrator – 1046.94; Police Dept – 37558.14; Fire Dept – 700.00; Street Dept- 6079.14; Culture & Recreation – 1716.25; Zoning – 502.93; Library -3092.80; 24/7 - 509.24; Water Department – 10545.65; Sewer Department -4967.47; and Airport – 813.75.

There being no further business to come before the council, the meeting adjourned at 7:01 PM on a motion by Cerney, second by Reichert and carried.



Heather Beck, Finance Officer



Gene Cox, Mayor

Published once at the total approximate cost of \$

**MOBRIDGE CITY COUNCIL
REGULAR MEETING
February 7, 2024**

Pursuant to due call and notice thereof, a Regular Meeting of the Common Council of the City of Mobridge, South Dakota was held in City Hall in said City on Wednesday, February 7, 2024 at 5:30 PM. Mayor Gene Cox, City Administrator/Finance Officer Heather Beck and the following council was present: Mound, Cerney, Reichert, Kemnitz and Carlson. Absent was Jensen.

AGENDA:

The agenda was approved on a motion by Reichert, second by Carlson and carried.

MINUTES:

Moved by Cerney, second by Kemnitz and carried, to approve the minutes from the January 10, 2024 regular meeting.

PUBLIC FORUM & VISITORS:

Allison Kiesz, NECOG, and Jeff Jensen, Walworth County, were present to give the council an update on the mitigation plan for the 5-county warhawk district.

Ted Dickey, NECOG – Dickey hosted a public hearing on the wastewater project. He discussed with the Council the need to increase wastewater rates if the remaining amount of funding is loan. \$1 million in grant funding was already secured. The approximate increase is \$22.50 per month. No one from the public was present to comment for or against the project. A discussion was also had regarding the option of reducing the scope of the project. The council needs to make a discussion on the full project or a discussion by the 29th of February to meet the State's application deadline for SRF funding.

Jerod Klambunde with Moore Engineering was present to give an overview of the project and answer questions the public or council may have on the project.

Agreement with Moore – Moved by Mound, second by Reichert and carried, to approve the agreement with Moore Engineering for misc engineering projects. The contract is for zero dollars. Each task will be priced out for approval upon request.

Jack Shillingstad spoke to the Council.

DEPT HEAD REPORTS:

Water/Wastewater Department – Superintendent Kurt Schmaltz

LIFT EQUIPMENT – Moved by Carlson, second by Mound and carried, to approve the budgeted purchase of lift equipment in the amount of \$18,813.

Police Department

NEW HIRE – Moved by Reichert, second by Kemnitz and carried, to approve hiring police officer Jamison Ries at \$22.05 per hour effective on February 15, 2024.

GRANT – Beck informed the council that the department was successful in the award of a bullet proof vest grant for \$3,875.

VEHICLE REPLACEMENT – Moved by Cerney, second by Carlson and carried, to approve the budgeted purchase of two Dodge Durango's from the Kansas Highway Patrol in the amount of \$70,350.

Recreation & Events – The Council was given an update the upcoming events.

NEW BUSINESS:

PUBLIC HEARING FOR TEMPORARY LIQUOR LICENCES – Hearing no opinion for or against, moved by Mound, second by Carlson and carried, to approve the temporary liquor license to the Mobridge

Regional Health Care Foundation for a fundraising event on April 13, 2024 at Scherr Howe Event Center. Hearing no opinion for or against, moved by Mound, second by Cerney and carried, to approve a temporary liquor license to the Mobridge Area Chamber of Commerce for a fundraising event on March 23, 2024 at Scherr Howe Event Center.

RESOLUTION 24-03, LOAN AUTHORIZATION – Moved by Reichert, second by Carlson and carried, to approve Resolution 24-03, to approve the issuance and sale of revenue bonds.

RESOLUTION NO. 24-03

RESOLUTION GIVING APPROVAL TO CERTAIN DRINKING WATER FACILITIES IMPROVEMENTS; GIVING APPROVAL TO THE ISSUANCE AND SALE OF A REVENUE BOND TO FINANCE, DIRECTLY OR INDIRECTLY, THE IMPROVEMENTS TO THE FACILITIES; APPROVING THE FORM OF THE LOAN AGREEMENT AND THE REVENUE BOND AND PLEDGING PROJECT REVENUES AND COLLATERAL TO SECURE THE PAYMENT OF THE REVENUE BOND; AND CREATING SPECIAL FUNDS AND ACCOUNTS FOR THE ADMINISTRATION OF FUNDS FOR OPERATION OF THE SYSTEM AND RETIREMENT OF THE REVENUE BOND AND PROVIDING FOR A SEGREGATED SPECIAL CHARGE OR SURCHARGE FOR THE PAYMENT OF THE BONDS.

WHEREAS, one of the purposes of SDCL Chapter 9-40 (the “Act”) as found and determined by the Legislature is to provide for financing the acquisition, maintenance, operation, extension or improvement of any system or part of any system of waterworks for the purpose of providing water and water supply for domestic, municipal, together with extensions, additions, and necessary appurtenances; and,

WHEREAS, a municipality is authorized by Section 6 of the Act to issue revenue bonds to defray the cost of extensions, additions and improvements to any utility previously owned without pledging its credit and is authorized to pledge the net income or revenues from the Project in accordance with Section 15 of the Act; and,

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

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

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

NOW THEREFORE BE IT RESOLVED by the City as follows:

SECTION 1. Definitions. The terms when used in this Resolution shall have the following meanings set forth in this section unless the context clearly requires otherwise. All terms used in this Resolution which are not defined herein shall have the meanings assigned to them in the Loan Agreement unless the context clearly otherwise requires.

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

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

“Project” means the City of Mobridge Water Improvement Project.

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

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

SECTION 2. Declaration of Necessity and Findings.

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

2.2. Findings. The City does hereby find as follows:

2.2.1. The City hereby expressly finds that if the Project is not undertaken, the System will pose a health hazard to the City and its inhabitants, and will make the City unable to comply with state and federal law.

2.2.2. Because of the functional interdependence of the various portions of the System, the fact that the System may not lawfully operate unless it complies with State and federal laws, including SDCL Chapter 34A-3A, and the federal Safe Drinking Water Act, and the nature of the improvements financed, the City hereby finds and determines that the Project will substantially benefit the entire System and all of its users within the meaning of Sections 15 and 17 of the Act.

2.2.3. The City hereby determines and finds that for the purposes of the Act, including, in particular, Sections 15 and 17 of the Act, that only the net income from the Project financed by the Revenue Bond be pledged for its payment.

SECTION 3. Authorization of Loan, Pledge of Revenue and Security.

3.1. Authorization of Loan. The City hereby determines and declares it necessary to finance up to \$10,680,000 of the costs of the Project through the issuance of bonds payable from the revenue of the Project and other funds secured by the City. The City hereby determines that because the Revenue Bond is issued in connection with a financing agreement described in SDCL 46A-1-49, pursuant to Section 15 of the Act no election is required to issue the Revenue Bond.

3.2. Approval of Loan Agreement. The execution and delivery of the Revenue Obligation Loan Agreement (the “Loan Agreement”), the form of which is on file with the City Finance Officer (the “Finance Officer”) and open to public inspection, between the City as Borrower and the District, is hereby in all respects authorized, approved and confirmed, and the Mayor and Finance Officer are hereby authorized and directed to execute and deliver the Loan Agreement in the form and content attached hereto, with such changes as the Attorney for the City deems appropriate and approves, for and on behalf of the City. The Mayor and Finance Officer are hereby further authorized and directed to implement and perform the covenants and obligations of the City set forth in or required by the Loan Agreement. The Loan Agreement herein referred to and made a part of this Resolution is on file in the office of the Finance Officer and is available for inspection by any interested party.

3.3. Approval of Revenue Bond. The issuance of a revenue bond in a principal amount not to exceed \$10,680,000 as determined according to the Loan Agreement in the form and content set forth in Appendix B attached to the form of Loan Agreement (the “Revenue Bond”) shall be and the same is, in all respects, hereby authorized, approved, and confirmed and the Mayor, Finance

Officer, and other appropriate officials shall be and are hereby authorized and directed to execute and seal the Revenue Bond and deliver the Revenue Bond to the District, for and on behalf of the City, upon receipt of the purchase price, and to use the proceeds thereof in the manner set forth in the Loan Agreement. The Mayor and Finance Officer are hereby authorized to approve the final terms of the Revenue Bond and their execution and delivery thereof shall evidence that approval. The Revenue Bond shall be issued under the authority of SDCL Chapter 9-40 and SDCL Chapter 6-8B, and the provisions of the Act are hereby expressly incorporated herein as provided in Section 19 of the Act.

3.4. Pledge of Revenues. The Revenue Bond together with the interest thereon, shall not constitute a charge against the City's general credit or taxing power, but shall be a limited obligation of the City payable solely out of the Project Debt Service Account, which payments, revenues and receipts are hereby and in the Loan Agreement pledged and assigned for the equal and ratable payments of the Revenue Bond and shall be used for no other purpose than to pay the principal, interest and Administrative Surcharge on the Revenue Bond, except as may be otherwise expressly authorized in the Loan Agreement (including the purpose of securing Additional Bonds issued as permitted by the terms thereof). The City covenants and agrees to charge rates for all services from the Project or establish special charges or surcharges which will be sufficient to provide for the payments upon the Revenue Bond issued hereunder as and when the same become due, and as may be necessary to provide for the operation and maintenance and repairs of the Project, and depreciation, and the Rate Resolution shall be revised from time to time so as to produce these amounts. The City hereby reserves the right to determine on a periodic basis the appropriate allocation of operation and maintenance expenses, depreciation, repair and reserves associated with the facilities financed with the Revenue Bond, provided that such determination of allocable operation and maintenance expenses shall in no event abrogate, abridge or otherwise contravene the covenant of the City set forth in this Section 3 or any other covenant or agreement in the Loan Agreement.

SECTION 4. Special Charge or Surcharge for Revenue Bond. The City does hereby create the Revenue Bond Special-Surcharge District (the "Surcharge District") which shall include all users which benefit from the Project. There shall be charged a special charge or surcharge pursuant to Section 15 of the Act for the services provided by Project financed by the Revenue Bond. The special charge or surcharge shall be segregated from other revenues of the System and shall be used for the payment of the Revenue Bond. The special charge or surcharge shall create net income, remaining from time to time after first paying all reasonable and current expenses of maintenance, repairs, replacements and operation, sufficient to fund interest, reserve and debt service fund annual requirements and shall be 110% of the debt service requirements on the Revenue Bond.

4.1. Rates and collection. The rate herein specific will be collected as a special charge or surcharge for the Project. This special charge or surcharge shall remain in effect until such time as the Revenue Bond is defeased or paid in full.

4.2. Initial Surcharge. The initial special charge or surcharge shall be set by resolution and collected at the same time as other charges of the utility. All users within the Surcharge District which benefit from the Project, current and future, shall be charged the special charge or surcharge. The special charge or surcharge is found to be equitable for the services provided by the Project. The special charge or surcharge shall begin at such time as will produce sufficient revenue to pay principal, interest and Administrative Surcharge on the Revenue Bond when due.

4.3. Segregation. The Finance Officer shall set up bookkeeping accounts in accordance with South Dakota Legislative Audit guidelines for the segregation of the revenue, special charges and surcharges.

4.4. Periodic review. The amount of the surcharge shall be reviewed from time to time, not less than yearly, and shall be modified in order to produce such funds as are necessary and required to comply with the Loan Agreement's rate covenant and to pay principal of, interest and

Administrative Surcharge on the Revenue Bond when due. The surcharge may be set by resolution in accordance with this Section. The rate resolution shall be necessary for the support of government and shall be effective upon passage.

SECTION 5. Additional Bonds. As permitted by Sections 8 and 9 of the Act, Additional Bonds payable from revenues and income of the System or Project may be issued, as permitted in the Loan Agreement, and no provision of this Resolution shall have the effect of restricting the issuance of, or impairing the lien of, such additional parity bonds with respect to the net revenues or income from the extensions, additions or improvements. The City shall have the right to issue additional bonds secured by a lien subordinate to the lien from the Revenue Bond pursuant to the Loan Agreement.

SECTION 6. Project Fund Accounts. For the purpose of application and proper allocation of the income of the Project and to secure the payment of principal, Administrative Surcharge and interest on the Revenue Bond, the following mandatory asset segregations shall be included in the water system account of the City and shall be used solely for the following respective purposes until payment in full of the principal, interest and Administrative Surcharge on the Revenue Bond:

6.1. Project Revenue Account. There shall be deposited periodically into the Project Revenue Account the net revenues as defined in Section 17 of the Act derived from the operation of the Project collected pursuant to the resolutions and ordinances of the City of Mobridge, South Dakota (collectively the "Rate Resolution"). Moneys from the Project Revenue Account shall be transferred periodically into separate funds and accounts as provided below.

6.2. Project Debt Service Account. Out of the revenues in the Project Revenue Account, there shall be set aside no later than the 25th day of each month into the account designated Project Debt Service Account, a sum sufficient to provide for the payment as the same become due of the next maturing principal of, interest and Administrative Surcharge on the Revenue Bonds and any reserve determined by the City's governing body to be necessary. The amount set aside monthly shall be not less than one-third of the total principal, interest, and Administrative Surcharge payable on the following February 15, May 15, August 15 or November 15 and if there shall be any deficiency in the amount previously set aside, then the amount of such deficiency shall be added to the current requirement.

6.3. Depreciation Account. There shall be established a General Depreciation Account. Out of the revenues of the Project Revenue Account there shall be set aside each month into the General Depreciation Account an amount determined by the Common Council to be a proper and adequate amount for repair and depreciation of the Project.

6.4. Project Surplus Account. There shall be established the Project Surplus Account. Revenues remaining in the Project Revenue Account at the end of any fiscal year after all periodic transfers have been made therefrom as above required, shall be deemed to be surplus and shall be transferred to the Project Surplus Account. If at any time there shall exist any default in making any periodic transfer to the Project Debt Service Account, the Common Council shall authorize the City Finance Officer to rectify such default so far as possible by the transfer of money from the Project Surplus Account. If any such default shall exist as to more than one account or fund at any time, then such transfer shall be made in the order such funds and accounts are listed above.

When not required to restore a current deficiency in the Project Debt Service Account, moneys in the Project Surplus Account from time to time may be used for any of the following purposes and not otherwise:

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