

#CC070505-01

Item: Update on the .16 sales tax bonding process and review/consideration of the bonding costs.

- Resolution Authorizing Issuance of Sales Tax Bonds adopted by Council May 16, 2005. This resolution was published June 4 and effective June 24, 2005. The resolution provided for the following:
  1. Issuance of bonds not to exceed \$19 million
  2. Maturity dates not to exceed 11 years
  3. Average interest rate yield not to exceed 4% per year
  4. Retention of Dougherty & Co. LLC as underwriter at an underwriter's discount not exceeding .75%
  5. Retention of Dorsey & Whitney LLP as bond and disclosure counsel
  6. Retention of First National Bank in Sioux Falls as trustee

The current plan is for sale of the bonds on July 7, 2005. The resolution does indicate that it can be amended at any time prior to issuance of the Series 2005 Bonds by adoption of an administrative resolution. However, the underwriter has worked diligently to bring this issue to market within the perimeters established and has expended considerable time and effort due to the placement of EAFB on the proposed BRAC closure list.

A RESOLUTION AUTHORIZING THE ISSUANCE OF SALES TAX REVENUE BONDS, SERIES 2005, OF THE CITY OF RAPID CITY, SOUTH DAKOTA; PLEDGING A PORTION OF THE SALES TAX RECEIPTS OF THE CITY TO THE PAYMENT OF SAID BONDS; AUTHORIZING OFFICERS OF THE CITY TO APPROVE, EXECUTE AND DELIVER CERTAIN AGREEMENTS AND DOCUMENTS RELATING TO THE BONDS

BE IT RESOLVED by the City Council of the City of Rapid City, South Dakota, as follows:

Section 1. Findings. It is hereby found, determined and declared that:

(A) The City of Rapid City, in the County of Pennington and State of South Dakota (the "City"), is a political subdivision of the State of South Dakota and a body corporate and politic.

(B) 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.

(C) 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 Section 10-45 and 10-46 of the South Dakota Codified Laws, subject to certain exceptions; and the City has adopted and enacted Chapter 3.16 of the Rapid City Municipal Code, as amended by Ordinances Nos. 5019 and 5046 (as so amended, the "Ordinance"), pursuant to the Act imposing the sales tax authorized by the Act within the City, such tax being hereinafter referred to as the "Sales Tax".

(D) The City may issue municipal non-ad valorem 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.

(E) As authorized by the Ordinance and the Act, the City has determined that it is necessary and desirable to issue sales tax revenue bonds to be designated "City of Rapid City, South Dakota, Sales Tax Revenue Bonds, Series 2005" (the "Series 2005 Bonds"), the proceeds of which would be used, together with any additional funds of the City which might be required, (i) to finance the cost of improvements (the "Improvements") to the City's municipal utility facilities, consisting primarily of the construction and reconstruction of improvements to the water distribution and the sewer collection systems, (ii) to fund a reserve fund, if deemed advisable, (iii) to pay the costs of issuance of the Series 2005 Bonds and the premium for bond

insurance, if any, and (iv) to provide an allowance for original issue discount. The Series 2005 Bonds will be issued pursuant to an Indenture of Trust (the "Indenture"), to be entered into with The First National Bank in Sioux Falls, Sioux Falls, South Dakota, as trustee.

Section 2. Authorization of Bonds.

(A) The City hereby authorizes the issuance of the Series 2005 Bonds in accordance with the provisions of the Act, the Ordinance, the Indenture and this Resolution. The Series 2005 Bonds shall be issued in a principal amount not to exceed the amount necessary to pay construction costs of the Improvements in an amount not exceeding \$19 Million, fund a reserve account and pay costs of issuance of the Bonds, including original issue discount, underwriter's discount and any bond insurance premium, all subject to the limitations of the laws of the State of South Dakota and of the Internal Revenue Code of 1986 (the "Code").

(B) The Series 2005 Bonds shall be issued in such form, mature on a date or dates not to exceed 11 years from the date of issue and on such terms, consistent with this resolution, as shall be provided in Indenture and other agreements whose execution and delivery is authorized by Section 5 of this resolution.

(C) The Series 2005 Bonds shall bear interest at the rate or rates per annum provided in the Indenture authorized by Section 5 of this resolution, but the average interest rate yield of the Series 2005 Bonds shall not exceed 4.00% per annum.

(D) The Series 2005 Bonds shall be special, limited obligations of the City, payable solely from the Sales Tax and other moneys pledged therefor. The Series 2005 Bonds shall not be payable from any general or other fund of the City, and the Series 2005 Bonds shall not constitute general obligations of the city.

Section 3. Pledge of Sales Tax. The Sales Tax collections shall be pledged and appropriated to the payment of the Series 2005 Bonds as set forth in the Indenture.

Section 4. Retention of Managing Underwriter, Bond Counsel and Disclosure Counsel, and Trustee, Registrar and Paying Agent. The City hereby retains Dougherty & Company LLC, in Minneapolis, Minnesota, as underwriter, for the purpose of underwriting the Series 2005 Bonds. The City hereby retains the firm of Dorsey & Whitney LLP, Minneapolis, Minnesota, to act as bond counsel and disclosure counsel with respect to the Series 2005 Bonds. The City hereby retains The First National Bank in Sioux Falls, in Sioux Falls, South Dakota, as trustee under the Indenture and as registrar and paying agent for the Series 2005 Bonds.

Section 5. Authorization of Documents. In connection with the authorization, issuance and delivery of the Series 2005 Bonds, the officers of the City designated by Section 6 of this resolution shall enter into, execute and deliver the following indenture, agreements and documents:

(A) the Indenture to provide for the issuance of the Series 2005 Bonds and setting forth the terms thereof;

(B) the Bond Purchase Agreement or similar agreement providing for sale of the Series 2005 Bonds at an underwriters' discount not exceeding .75% and an original issue discount not exceeding 2% of the principal amount of the Series 2005 Bonds;

(C) a Continuing Disclosure Agreement or undertaking satisfying the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended; and

(D) such other documents, agreements or instruments as may be necessary to make covenants and recite facts required to demonstrate the validity and enforceability of Series 2005 Bonds under the laws of the State of South Dakota and to assure the exclusion of the interest thereon from the gross income of the owners of the Series 2005 Bonds under the Code and to effectuate the terms and intent of this resolution. The execution and delivery of such indenture, agreements and documents is hereby authorized and directed, the indenture, agreements and documents to be in such form and to contain such terms, consistent with this resolution, as the officers of the City designated herein shall determine to be necessary and desirable.

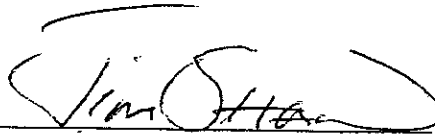
Section 6. City Officers. The Mayor, City Finance Officer and City Attorney of the City are hereby authorized and directed to execute and deliver the indenture, agreements and documents authorized by Section 5 hereof. Execution and delivery of such items by the Mayor, City Finance Officer and City Attorney 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, City 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, City Finance Officer or City Attorney, such other officers of the City as, in the opinion of the City Attorney act in the absence of such officers, are hereby authorized to act in the place and stead of the Mayor, City Finance Officer and City Attorney, and to take all actions and execute all documents approved hereby.

Section 7. Ratification. All actions heretofore taken by the City or any of its officers in connection with the Series 2005 Bonds are hereby ratified and confirmed.

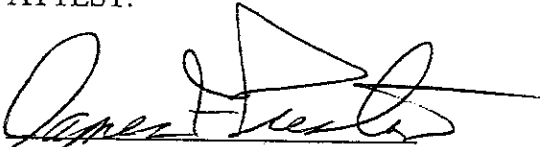
Section 8. Amendment. This resolution may be amended at any time prior to the issuance of the Series 2005 Bonds by adoption of an administrative resolution.

Dated this 16th day of May, 2005.

(SEAL)

  
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Mayor

ATTEST:

  
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Finance Officer

Adopted: May 16, 2005.

Published: June 4, 2005.

Effective Date: June 24, 2005.

Attorney, such other officers of the City as, in the opinion of the City Attorney act in the absence of such officers, are hereby authorized to act in the place and stead of the Mayor, City Finance Officer and City Attorney, and to take all actions and execute all documents approved hereby.

Section 7. Ratification. All actions heretofore taken by the City or any of its officers in connection with the Series 2005 Bonds are hereby ratified and confirmed.

Section 8. Amendment. This resolution may be amended at any time prior to the issuance of the Series 2005 Bonds by adoption of an administrative resolution.

Dated this 16<sup>th</sup> day of May, 2005.

ATTEST:  
s/ James F. Preston  
Finance Officer  
(SEAL)

CITY OF RAPID CITY  
s/ Jim Shaw, Mayor

The motion for adoption of the Resolution was seconded by Chapman. Responding to a concern expressed by Alderman Kooiker about how the Council will determine how the revenues are to be spent; Alderman Johnson indicated the Capital Improvements Project is a good starting point and suggested there is no need to establish a new committee. Johnson explained that the Council will decide how to spend the money. Kooiker indicated he needed to know if the money will be used to fund a portion of the Capital Improvements fund as it relates to existing projects; or will it be used for new expansion projects and the then the CIP fund would also be used for expansion projects. He suggested approving the resolution with an accompanying list of projects. Upon a vote being taken on the motion to approve the resolution, the following voted AYE: Kroeger, Johnson, Olson, Hurlbut, Waugh, Chapman and Murphy; NO: Kooiker, Hadley and French; whereupon said Resolution was declared duly passed and adopted.

#### ALCOHOLIC BEVERAGE LICENSE APPLICATIONS

The Mayor announced the meeting was open for hearing on the listed applications for Alcoholic Beverage Licenses to operate within the City of Rapid City, South Dakota. Chief Tieszen noted no objections to the license renewals and transfer, but reported the violations against the Hall Inn. Chapman moved, second by French and carried to close the public hearing.

Chapman moved, second by Murphy and carried to approve the following alcohol license application, with the exception of Red Rock Golf Club, LLC dba **Red Rock Golf Club**, 6520 Birkdale Drive for a Retail (On-Off Sale) Malt Beverage License with Video Lottery.

#### Package (Off-Sale) Liquor License Transfer

123. Stanley Kline dba **Hall Inn**, 214 East St. Joseph Street for a Package (Off-Sale) Liquor License Transfer from H & B, Inc. dba Hall Inn

#### Retail (On-Off Sale) Malt Beverage License with Video Lottery Transfer

124. Stanley Kline dba **Hall Inn**, 214 East St. Joseph Street for a Retail (On-Off Sale) Malt Beverage License with Video Lottery Transfer from H & B, Inc. dba Hall Inn

#### Package (Off-Sale) Malt Beverage License

125. Robert L. Stiehl dba **Circle S Market** No. 2, 310 Fairmont Boulevard for a Package (Off-Sale) Malt Beverage License

126. I-90 Amoco, Inc. dba **I-90 Standard**, 2213 N. LaCrosse Street for a Package (Off-Sale) Malt Beverage License

127. Kusler's Conoco, Inc. dba **Kusler's Conoco**, 701 E. St. Patrick Street for a Package (Off-Sale) Malt Beverage License

128. James Barry Stoick dba **Stoick's of Rapid City**, 2303 Jackson Boulevard for a Package (Off-Sale) Malt Beverage License

#### Retail (On-Off Sale) Malt Beverage License with Video Lottery

129. Carolyn's Casino, Inc. dba **Carolyn's Casino**, 512 West Boulevard for a Retail (On-Off Sale) Malt Beverage License with Video Lottery