

DELL RAPIDS CITY COUNCIL MINUTES
Monday, July 19, 2010 at 7:30 p.m.

The meeting was called to order by Mayor Fiegen at 7:30 p.m. at the Dell Rapids City Council Chambers. The Pledge of Allegiance was recited and roll was taken finding the following Council Members present including: Mayor Scott Fiegen, President Mark Downs, Vice President Carrie Testerman, David Sommerfeld, Doug Grovenburg, Carrie Probst and Richard Woolf. Absent: None. Todd Wiebenga arrived after pledge was recited and Downs arrived at 7:37 p.m. Staff Present: Finance Officer LeAnn Kerzman and City Attorney Dean Hammer.

Minutes: Motion by Woolf to approve the July 6, 2010 regular city council meeting minutes. Second made by Probst. Motion carried unanimously.

Old Business: None.

Claims Approved: Motion by Sommerfeld to approve the following claims as presented. Paul seconded the motion. Motion carried unanimously.

Angerhofer, Robert, mileage 195.36; Argus Leader, publishing 452.74; Avera Health Services, 3 remote drug tests 151.50; Avera, Dells Area Health Center, vaccinations 484.00; Beal Distributing, June malt 34,650.21; Bunkers Oil, diesel 1791.75; City of Sioux Falls, pool water testing 260.79; Concrete Materials, asphalt 2,650.50; Dakota Beverage, June malt 24,358.60; DakotaCare, health insurance 7,672.19; Dakota Supply, 12 meters 1,109.77; Dell Rapids Fire & Rescue, 2010 state fire school 400.35; DR Lumber Co, repair materials 109.14; DR True Value, painting supplies 228.42; Delta Dental, insurance 209.28; Diamond Vogel Paints, painting supplies 347.61; Huewe Plumbing, water heater replacement 390.00; ICAP, June Busing contract 2370.30; Johnson Brothers Famous Brands, June liquor 10,671.38; Lacey's Portable Restrooms, 17 portables 1185.00; LG Everist, rock 295.66; MC&R Pools, sand filter change 3,842.39; Midwest Alarm, alarm loops 105.35; Midwest Oil, case of oil 252.00; One Call Systems, 46 locates 51.98; SD Dept of Revenue, sales tax payable 1,570.69; Schuneman Equipment, filler cap 6.60; S.E.H, fire station engineering 7,132.43; Titan Machinery, unit, flash and lamp 93.75; Verizon Wireless, phone service 151.84; Virg's Service, chain saw repair 136.37; Vogt, Brown, Merry & Hammer, July retainer 2,000; Xcel Energy, electricity 4,542.30.

Visitors to be heard: None.

Public Hearing: 15th Street Water Project and Wastewater Project – Janice Buttolph was present representing South East Area Council of Governments. The City is applying for \$1,185,995 of funding from the Board of Water and Natural Resources in the form of grant and loan from the Clean Water State Revolving Fund (SRF) Program and \$531,835 from Board of Water and Natural Resources in the form of grant from the state Consolidated Water Facilities Construction Program and a loan from the Drinking Water State Revolving Fund (SRF) Program. Buttolph relay to the council that annual payment would currently be \$78,929 and \$35,394 respectively, with 20 year loans at an interest rate of 3%. Without receiving grant funds or principal forgiveness the minimum rate for wastewater would be \$31.77 per month. This represents a need of the city which should allow assistance from the state to offset any rate increases because of this project. Len Neugebauer was present from DeWild, Grant, Reckert & Associates to answer any questions regarding engineering or construction of the project. Preliminary engineering has been completed and is available at city hall for the public's viewing.

New Business: Funding Agreement Between the South Dakota Department of Transportation and the City of Dell Rapids for Design, Letting, and Construction of Project P 0ENH(180), City of Dell Rapids, PCN 01F2 – Motion by Probst to approve the Funding Agreement and appoint Scott Fiegen as approving signature in the absence of a City Administrator. Motion seconded by Wiebenga. Motion carried unanimously.

Professional Engineering Service – Motion by Sommerfeld to approve the Construction Administration Agreement between the City of Dell Rapids and DeWild, Grant, Reckert & Associates for the engineering of the Recreational Trail. Motion seconded by Downs. Motion carried unanimously.

Interim City Administrator: Motion by Wiebenga to appoint current Finance Officer, LeAnn Kerzman as Interim City Administrator. Testerman seconded the motion. Motion carried unanimously.

Funds Transfer: Kerzman requested a transfer of \$19,293.35 from restricted funds to general unrestricted funds. Woolf made a motion to approve the transfer. Paul seconded the motion. Motion carried unanimously.

Kerzman requested council approval to create a money market account to better utilize current interest rates. Sommerfeld made a motion to approve the request and stated that the balance of funds retained in checking will allow adequate cash balance to conduct the cities transactions. Testerman seconded the motion. Motion carried unanimously.

Deposit and Investment Policies: Resolution 07-06-10-21, Investment Policy – Sommerfeld made a motion to approve the resolution. Second made by Testerman. Motion carried unanimously.

RESOLUTION #07-19-10-21
CITY OF DELL RAPIDS, SOUTH DAKOTA
INVESTMENT POLICY

1. SCOPE

This policy applies to the investment of all funds of the City of Dell Rapids, South Dakota. Longer-term funds, including investments of employees' retirement funds and proceeds from certain bond issues, are covered by a separate policy. Except for funds held in trust or special funds that are otherwise specifically provided for, the City of Dell Rapids will consolidate the balances from all funds to maximize investment earnings and meet the liquidity requirements of the City subject to the primary objective of providing security of principal. Investment income will be allocated to the various funds based on their respective participation of capital in the overall portfolio in accordance with generally accepted accounting principles.

2. POLICY

Pursuant to SDCL 4-5-8 it is the policy of the City of Dell Rapids to invest idle public funds in a manner to meet the daily cash flow demands of the City with the primary objectives, in priority order, being: a) Safety of Principal b) Liquidity and c) Return on Investments.

- A. Safety of Principal – Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate the following risks.
 - a. Credit Risk – The City of Dell Rapids will minimize credit risk, which is the risk of loss due to the failure of the investment issuer or backer, by limiting the portfolio to the types of investments listed in section 5. Authorized and Suitable Investments of this policy and diversifying the investment portfolio to diminish the impact of potential losses from any one type of investment or from any one individual issuer.
 - b. Custodial Credit Risk – The City of Dell Rapids will minimize Custodial Credit Risk for deposits, which is the risk that in the event of the failure of a depository financial institution the deposits or

collateral securities that are in the possession of an outside party would not be able to be recovered, as addressed in section 6. Collateralization.

- B. Liquidity – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
- C. Return – The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of the portfolio is limited to relatively low risk investments in anticipation of earning a fair return relative to the risk being assumed.

3. DELEGATION OF AUTHORITY

Authority to manage the investment program is granted to the Finance Officer who shall refrain from personal business activity that could impair her/his ability to make impartial decisions. The Finance Officer acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual investment's credit risk or market price changes, provided deviation from expectations are reported in a timely fashion and the liquidity and the sale of investments are carried out in accordance with the terms of this policy.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. In case of extended leave of absence, the Governing Board shall appoint a replacement Officer.

4. AUTHORIZED FINANCIAL DEALER AND INSTITUTION

The Governing Board authorizes the placement of cash resources in the following financial institutions:

- First National Bank
- Home Federal Bank
- Wells Fargo
- South Dakota Public Funds Investment Trust (FIT)

5. AUTHORIZED AND SUITABLE INVESTMENTS

The City of Dell Rapids is empowered by statute to invest in the following instruments:

- Interest bearing checking accounts
- Savings accounts
- Certificates of Deposit (CDs) (SDCL 9-22)*
Certificates of Deposit (CDs) purchased through CDARS® (Certificate of Deposit Account Registry Service) (SDCL 4-5-6.1)*
- Local Government Investment Pool (SD FIT)

*When investing in Certificates of Deposit (CDs) public funds will be invest at the highest rate of interest possible after attempting to secure three (3) quotes.

The above listed authorized deposits will be kept in banks in South Dakota as required by SDCL 9-22-6.

6. COLLATERALIZATION

In accordance with SDCL 4-6A and 51A-10-9 Qualified Public Depositories will furnish collateral in the sum equal to one hundred percent (100%) of the public deposit accounts that exceed deposit insurance. The financial institution shall submit a copy of their collateralization report to the Finance Officer.

SDCL 4-6A-3 requires that collateral be segregated by each depository in such manner as approved by the South Dakota Public Deposit Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve.

7. REPORTING

The Finance Officer shall prepare an investment report not less than quarterly, that provides a clear picture of the status of the current investments.

8. INTEREST EARNED

The interest earned from investments shall be credited to the respective fund, except Agency funds. (SDCL 4-5-9) **Exceptions:** Debt Service fund SDCL 9-22-12 and Perpetual Care Fund SDCL 9-32-18. The interest earned from investments made with funds from these accounts shall be credited in accordance to the respective statutes.

Scott Fiegen, Mayor

ATTEST:

LeAnn Kerzman, Finance Officer

Special Event Permit – Dell Rapids Event Center, Judd Hoos – Availability has changed for Judd Hoos. Request received to change the date of the prior approved event from Friday, August

City Council Minutes – July 19, 2010

Page 3 of 4

27 to Saturday, August 28. Paul made a motion to approve the change. Grovenburg seconded. Motion carried unanimously.

ICAP Bus Garage – Probst reported to the council on the availability of funding for bus garage maintenance and improvements through the ICAP program. Jessica Pickett was unable to be present to provide further information. Direction given to proceed with further fact finding.

Library Grant Award – Library Board representative Testerman reported that the Carnegie Public Library was the recipient of a \$1,000 grant provided for technology from Wal-mart.

Fire Department Construction – Kerzman reported that Mike Kuno from SEH Engineering will be conducting a meeting on Tuesday, July 27th to provide a recap on the timeline for the construction.

Missouri River Conservation – Kerzman reported that the city had previously been awarded a grant for tree planting in the amount of \$6,300 with the city matching \$6,300. Rick Mayko, Community Forester, has been scheduled to arrive in order to start the project.

Energy Audit – Kerzman reported that Mike Twedt from BTU Engineering of Brookings has been scheduled to begin the audit of the city facilities. Funding for the service will be reimbursed through Energy Efficiency and Conservation Block Grant which the city had been previously awarded.

Treasurers Report – A recap of all income and expenses, since the last meeting, was presented to the council for their review.

Claims Approved for Payment by Other Municipal Boards – Library Board Claims: Baker & Taylor Books, books 61.85; County Fair, summer reading 109.39; Gale Group, books 899.39; Ingram Library Svcs, books 119.43; MicroMarketing, books/DVD's 18.00; SD Library Network, annual membership 650.00.

Executive Session – Personnel: Sommerfeld made a motion to enter executive session to discuss personnel issues. Motion seconded by Probst. Motion carried. The council entered executive session at 8:05 p.m.

The council returned from executive session at 8:17 p.m.

Downs made a motion to adjourn the meeting. Second by Paul. Motion carried unanimously. Meeting adjourned at 8:18 p.m.

LeAnn Kerzman
Finance Officer