

PROCEEDINGS OF THE CITY COUNCIL  
Rapid City, South Dakota

February 26, 2018

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Rapid City was held at the City/School Administration Center in Rapid City, South Dakota on Monday, February 26, 2018 at 7:00 P.M.

The following members were present: Mayor Steve Allender and the following Alderpersons: Amanda Scott, Darla Drew, Ritchie Nordstrom, Lisa Modrick, Jason Salamun, Chad Lewis, Laura Armstrong, Steve Laurenti, Becky Drury and John Roberts; and the following Alderpersons arrived during the course of the meeting: None; and the following were absent: None.

Staff members present included: Finance Officer Pauline Sumption, Assistant City Attorney Wade Nyberg, Public Works Director Dale Tech, Police Chief Karl Jegeris, Community Development Director Ken Young and Administrative Coordinator Heidi Weaver-Norris

**ADOPTION OF AGENDA**

Motion was made by Scott, second by Armstrong and carried to adopt the agenda.

**PUBLIC COMMENT**

Dennis Popp, James White, Doug Theel, Gavin Fawbush, Tyson Steiger, Todd Tucker, Chris Johnson, Carol Bancroft, Gladys Storm, Wes Storm, Robert Weyrich, Casey Martin, Jeff Carsrud, and Linda Rabe all spoke in favor of a new arena. Ed McLaughlin, Richard Wahlstrom, Jim Shaw and Alan Hanks spoke in favor of the remodel option. Tonchi Weaver spoke in favor of allowing the citizens of Rapid City to vote on the issue.

**MAYOR'S ITEMS** – Items 1-5

Mayor stated he would hand the meeting over to Council President, Jason Salamun, in order to give his presentation. Salamun read in item (No. CC022618-01) Presentation regarding the Barnett Arena – Mayor Allender. Mayor went over the history of the civic center. He stated the March 10, 2015 vote failed 60% to 40%. He took over office in July 2015 and created the Civic Center Task Force. Eleven members were selected and there were no previously invested members on this team. After all their research, nine members voted for a new arena and two members were undecided. Since June 2017, Mayor has given 34 formal presentations and has four more coming up. He decided to do a voluntary, informal exit poll. He said 95% of citizens who responded wanted a new arena. He stated each option has risk versus reward. Times change and functionality changes. The new building has more risk and represents the unknown. A remodel will not get more tickets sold. One of the major complaints in 2015 was raising property taxes. No property taxes will be raised this time around. 54% of Vision Account sales tax revenue collection will be used for debt service. He wants to keep the current location for the best economic impact for the entire city. He said parking is sometimes not convenient but we have more available parking than other regions. He said the desire for an initiated measure by the Council lacks legal authority. The public has every right to refer this item if they choose. He stated he was glad the 2015 vote failed because it was the wrong plan. He said this is the right plan and he asked Council to support him in voting in favor of a new arena.

Salamun turned the meeting back over to Mayor Allender. Mayor read in item (No. CC022618-02) Presentation regarding the updated Feasibility Study - David Stone, Stone Planning LLC. Stone

gave a summary on the results of his research, analysis, findings, conclusions and recommendations in evaluating the viability of the Barnett Arena.

Mayor read in item (No. CC022618-03) Presentation regarding the status of the Barnett Arena - Craig Baltzer, Executive Director of the Rushmore Plaza Civic Center. Baltzer went over his background in the entertainment and convention center industry. He has previously worked for SMG, which is one of the largest management services of public assembly facilities. He said he has an outstanding staff and combined they have over 200 years of service at the management level. When he talks to promoters they tell him that the product (Barnett Arena) isn't working the way it used to. He stated the arena has been going downhill for the past ten years. They are not getting large ticketed events because of the outdated facility. He said keeping all the elements of the civic center together is important. Being able to have concerts, banquets, conventions, trade shows, theatre performances and hockey games all together is important. He said Rapid City is at the right place on the map for these shows to stop. He would keep management the way it is. No advantage to a management company. His vote would be to build new and keep the location where it's at for best economic impact to all of Rapid City.

Mayor read in item (No. CC022618-04) Presentation of the Owner's Representative Role – Nate Pearson, TEGRA. Pearson explained that TEGRA is the project advisor and the owner's representative. He explained their company is involved with team assembly, budget administration, schedule management, design process management and construction administration to name a few. He said their company is always on-time and under budget. They have a proven track record.

Mayor read in item (No. CC022618-05) Presentation of the Civic Center Resolution Task Force Findings – Kevin Andreson. He said the task force was comprised of 11 members with facilitation by Dr. Helen Usera. They have spent over a year digging into the issues. He said their ultimate goal was to educate and inform people. Their group looked at ADA issues, construction needs versus wants and the financial budget. He said they came up with two options which were remodel or build new. The group looked at life safety issues such as egress, time to evacuate, and air quality. They looked at the financial aspect and referenced some prior reports. He said growth potential offers strong return on the investment of a new arena. There will be positive impact of bringing touring groups through which will drive the sales tax base. He stated one key impact is the remodel won't have the economic impact that a new arena will. The remodel is the short-term approach. He said he has lived here for two years and has gone to Denver five times with his family for their entertainment options. He would love to spend the time and money here instead of other cities. He said the majority of the group voted for a new arena.

### **NON-CONSENT ITEMS**

Mayor read in item (No. CC022618-06) Acknowledge Discussion from Council regarding the Barnett. Lewis stated he was in favor of a new arena. He thanked the task force, staff and Mayor for all the extra time and effort put in. Motion was made by Salamun, second by Armstrong to acknowledge. Salamun said he appreciated that the people are engaged in this conversation whether we agree or not. He said the vision is to reach for remarkable. He stated the Barnett Arena was awesome for its day but it's time for Rapid City to level up. Economic impact is huge for the community. This facility is not only for Rapid City but its visitors as well. Scott said she was primarily in support of building new. She said the city is using sales tax dollars to increase more sales tax dollars. Modrick is in favor of the new arena. She said the 2015 plan was not the right plan. 95% of citizens who went to the Mayor's presentations want the new arena. Drew is in favor of the new arena. She wants Rapid City to be the entertainment destination that it used to be. She said shuttles could be used to get people to the arena if parking is a concern. Drury said she is in favor of letting the citizen's vote. Laurenti said the voice of the people is paramount and he would

like them to be able to vote. Roberts said the citizens have the right to vote on something of this magnitude. He is in favor of a new arena but not sure this is the right time. There are a lot of unanswered questions for him. Nordstrom said he was in favor of the new arena. He said if businesses don't reinvent themselves then they go away.

Mayor read in item (No. CC022618-07) – Approve Resolution No. 2018-019, A Resolution Relating to Rushmore Plaza Civic Center, Authorizing the Issuance of Sales Tax Revenue Bonds and Lease Certificates of Participation in an Amount not to Exceed \$25,000,000.00 in Construction Costs, Authorizing Officers of the City to Approve, Execute and Deliver Certain Agreements and Documents Relating to the Obligations. Motion was made by Scott, second by Lewis to table this item. Motion carried 9-1 with Roberts voting no.

Mayor read in item (No. CC022618-08) Approve Resolution No. 2018-020, A Resolution Relating to Rushmore Plaza Civic Center, Authorizing the Issuance of Sales Tax Revenue Bonds and Lease Certificates of Participation in an Amount not to Exceed \$110,000,000.00 in Construction Costs, Authorizing Officers of the City to Approve, Execute and Deliver Certain Agreements and Documents Relating to the Obligations. Motion was made by Salamun, second by Laurenti to approve. Discussion continued. Motion passed 9-1 with Roberts voting no.

RESOLUTION 2018-020 - A RESOLUTION RELATING TO  
RUSHMORE PLAZA CIVIC CENTER; AUTHORIZING THE  
ISSUANCE OF SALES TAX REVENUE BONDS AND LEASE  
CERTIFICATES OF PARTICIPATION IN AN AMOUNT NOT TO  
EXCEED \$110,000,000 IN CONSTRUCTION COSTS;  
AUTHORIZING OFFICERS OF THE CITY TO APPROVE,  
EXECUTE AND DELIVER CERTAIN AGREEMENTS AND  
DOCUMENTS RELATING TO THE OBLIGATIONS

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 "Sales Tax Act") to levy a "non-ad valorem tax" (as defined by the Sales Tax 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 through Ordinance No. 6195 (said Chapter 3.16 as so amended, the "Sales Tax Ordinance"), imposing and providing for the administration of the taxes authorized by the Sales Tax 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 Sales Tax 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) The City is authorized under Chapter 9-12 and Sections 9-52-29 to -31, South Dakota Codified Laws (together, the "Lease Act"; the Lease Act together with the Sales Tax Act, the "Acts") to acquire property by lease, including annual appropriation lease.

(F) The City is authorized under Section 3.16.060 of the Sales Tax Ordinance to deposit 50% of the Sales Tax (the "Pledged Sales Tax") in the Rapid City Capital Improvements & Vision Fund (the "Fund"), and to finance projects eligible under the Sales Tax Ordinance.

(G) The City has established two accounts within the Fund, the Capital Improvements Account and the Vision Account, and provided that approximately 58% of the Sales Tax deposited in the Fund shall be allocated to the Capital Improvements Account and 42% shall be allocated to the Vision Account, provided that in any given month, such allocation may vary, with the account which is underfunded to be reimbursed from the other account over such time period as the Council shall determine.

(H) The City has previously issued its Sales Tax Revenue Bonds, Series 2013 (the "Series 2013 Bonds"), which bonds are secured by a pledge of 8% of Sales Tax revenues. Said revenues were previously held in the Utility Support Fund of the City, but now constitute, pursuant to Resolution No. 2017-085, a portion of the Sales Tax revenues deposited in the Capital Improvements Account.

(I) Other than the Series 2013 Bonds, no obligations are outstanding which are payable from Sales Tax revenues.

(J) As authorized by the Sales Tax Ordinance and the Acts, the City has determined that it is necessary and desirable to issue obligations (the "Sales Tax Obligations") payable from the Pledged Sales Tax for the purpose of financing improvements to the existing Rushmore Plaza Civic Center and related project costs (the "Project"), provided that the Project shall be included in the plan for the Vision Account, as described in Section 3.16.090(B) of the Sales Tax Ordinance.

(K) The Sales Tax Obligations shall be issued in an aggregate principal amount not to exceed \$110,000,000 to pay costs of the Project, plus amounts necessary to fund or finance a reserve fund, if necessary, and pay costs of issuance of the Sales Tax Obligations, including an underwriter's discount not exceeding 2.0% of the principal amount of the Sales Tax Obligations, bond insurance premium, if necessary, and original issue discount (not to exceed 2% of the principal amount of the Sales Tax Obligations), if any.

(L) The Sales Tax Obligations may be issued in one or more series in one or more calendar years; may be issued under and pursuant to one or more indentures of trust or lease-purchase agreements; may mature on any date on or prior to thirty (30) years following the date of issuance; shall be secured by or made payable from the Pledged Sales Tax, subject, in the case of certificates of participation in a lease-purchase financing, to annual appropriation by the City; shall bear interest at the rate or rates provided in such Sales Tax Obligations, provided that

the average yield on the Sales Tax Obligations shall not exceed 6% and shall provide for such other terms as the officers of the City executing such Sales Tax Obligations shall approve.

Section 2. Authorization of Sales Tax Obligations.

(A) The City hereby authorizes the issuance of the Sales Tax Obligations in accordance with the provisions of the Acts, the Sales Tax Ordinance and this Resolution.

(B) The Sales Tax Obligations shall be special, limited obligations of the City, payable solely from the Pledged Sales Tax and other moneys pledged therefor. The Sales Tax Obligations shall not be payable from any general or other fund of the City, and the Sales Tax Obligations shall not constitute general obligations of the City.

Section 3. Pledge of Pledged Sales Tax. The Pledged Sales Tax shall be pledged or may be appropriated to the payment of the Series 2013 Bonds, the Sales Tax Obligations and any additional obligations payable therefrom to the extent permitted by the Sales Tax Ordinance and documents entered into in connection with the Sales Tax Obligations.

Section 4. Offering Documents. The Mayor, the Finance Officer and the City Attorney are authorized, in cooperation with the municipal advisor and underwriter(s), if any, for the Sales Tax Obligations, to prepare one or more offering documents, term sheets, requests for proposals or other disclosure materials to be distributed to prospective purchasers of the Sales Tax Obligations (whether one or more, the "Official Statement"). The Mayor and the Finance Officer are hereby authorized and directly to approve, and, if requested, to execute the Official Statement.

Section 5. Authorization of Documents. In connection with the authorization, issuance and delivery of the Sales Tax Obligations, the officers of the City designated by Section 6 of this resolution shall enter into, execute and deliver any of the following documents:

(A) one or more indentures or supplemental indentures, ground leases, lease-purchase agreements or supplemental leases to provide for the issuance of the Sales Tax Obligations and setting forth the terms thereof;

(B) one or more pledge agreements or intercreditor agreements, if necessary, providing for the pledge, appropriation, administration or allocation of the Pledged Sales Tax, to the extent not provided for in any of the foregoing documents;

(C) one or more bond or certificate purchase agreements or similar agreement providing for sale of the Sales Tax Obligations;

(D) one or more continuing disclosure agreements or undertakings satisfying the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended; and

(E) such other documents, agreements or instruments as may be necessary to make covenants and recite facts required to demonstrate the validity and enforceability of the Sales Tax Obligations 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 Sales Tax Obligations, if issued as tax-exempt, under the Internal Revenue Code of 1986, as amended, and to effectuate the terms and intent of this resolution. The execution and delivery of such documents is hereby authorized and directed, the 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 and City Finance Officer are hereby authorized and directed to execute and deliver the documents authorized by Section 5 hereof. Execution and delivery of such items by the Mayor and City Finance Officer 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 or City Finance Officer, such other officers of the City as may, 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 and City Finance Officer, 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 Sales Tax Obligations are hereby ratified and confirmed.

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

Dated this 26th day of February, 2018.

CITY OF RAPID CITY  
s/ Steve Allender  
Mayor

ATTEST:  
s/ Pauline Sumption  
Finance Officer

(SEAL)

Roberts left the meeting at 10:25 p.m.

**ADJOURN**

There being no further business to come before the Council at this time, motion was made by Lewis, second by Armstrong and carried to adjourn the meeting at 10:27 p.m.

Dated this 26th day of February, 2018.

CITY OF RAPID CITY

ATTEST:

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Finance Officer

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Mayor

(SEAL)