



# Livingston City Commission Agenda

January 16, 2018

6:30 PM

City – County Complex, Community Room

1. Call to Order

2. Roll Call

3. Moment of Silence

4. Pledge of Allegiance

5. Consent Items

- A. Approve minutes from regular 1.4.18 commission meeting Page 4
- B. Approve Claims Page 8
- C. Approve Bill Walsh's application for Board of Adjustments Page 22

6. Proclamations

7. Scheduled Public Comment

- A. Scheduled Public Comment - Katie Weaver, MSU Extension, with economic development update Page 24

8. Public Hearings

9. Ordinances

10. Resolutions

- A. Resolution 4774 - A RESOLUTION RELATING TO THE \$5,000,000 SEWER IMPROVEMENT REVENUE BOND (USDA-RD LOAN PROGRAM), SERIES 2018A; AUTHORIZING THE ISSUANCE THEREOF AND FIXING THE TERMS AND CONDITIONS THEREOF. Page 26
- B. RESOLUTION NO. 4775 - A RESOLUTION RELATING TO \$6,900,000 SEWER IMPROVEMENT REVENUE BONDS (DNRC WATER POLLUTION CONTROL STATE REVOLVING LOAN PROGRAM), CONSISTING OF \$400,000 SUBORDINATE LIEN TAXABLE SERIES 2018B BOND AND \$6,500,000 SERIES 2018C BOND; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF. Page 63
- C. RESOLUTION NO. 4776 - A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LIVINGSTON, MT ACCEPTING THE SEWER EXTENSION FOR HOMER TERRY DEVELOPMENT. Page 121
- D. RESOLUTION NO. 4777 - A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LIVINGSTON, MONTANA AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS WASTE WATER FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE. Page 129

11. Action Items

- A. DISCUSS/APPROVE/DENY - City Manager Work Plan November 2017 Page 134
- B. DISCUSS/APPROVE/DENY - Review and discuss RECYCLEMT (f/k/a Four Corners Recycling) rough draft contract Page 146

12. Public Comments

*Individuals are reminded that public comments should be limited to items over which the City Commission has supervision, control, jurisdiction, or advisory power (MCA 2-3-202).*

13. City Manager Comments

14. City Commission Comments

15. Adjournment

**Calendar of Events**

January 11, 2018 - 5:45 p.m. - City Commission Work Session to discuss and establish principles and procedures for labor union negotiations

January 15, 2018 – City offices closed in observance of Martin Luther King, Jr. Day

January 16, 2018 - 6:30 p.m. - City Commission regular meeting, Community Room, City/County Complex

January 17, 2018 - 8:30 a.m. - Urban Renewal Agency regular meeting, East Room, City/County Complex

January 17, 2018 - 4:00 p.m. - Livingston Park County Library Board regular meeting, Library - 228 West Callender

January 17, 2018 - 5:30 p.m. - Planning Board regular meeting, Community Room, City/County Complex

January 17, 2018 - 6:00 p.m. - Active Transportation Coalition regular meeting, Neptunes Back Room

January 23, 2018 12:00 p.m., - Airport Board regular meeting, Mission Field Airport

January 23, 2018 - 5:30 p.m. - City Commission work session, Strategic planning process, part 1, Community Room, City/County Complex

January 24, 2018 - 6:00 p.m. - Parks and Trails Committee regular meeting, Civic Center

January 24, 2018 - National Compliment Day

January 25, 2018 - 5:30 p.m. - City Commission work session, Strategic planning process, part 2, Community Room, City/County Complex

February 6, 2018 - 6:30 p.m. - City Commission regular meeting, Community Room, City/County Complex

**Supplemental Material**

Notice

- Public Comment: The public can speak about an item on the agenda during discussion of that item by coming up to the table or podium, signing-in, and then waiting to be recognized by the Chairman. Individuals are reminded that public comments should be limited to items over which the City Commission has supervision, control, jurisdiction, or advisory power (MCA 2-3-202).
- Meeting Recording: An audio and/or video recording of the meeting, or any portion thereof, may be purchased by contacting the City Administration. The City does not warrant the audio and/or video recording as to content, quality, or clarity.
- Special Accommodation: If you need special accommodations to attend or participate in our meeting, please contact the Fire Department at least 24 hours in advance of the specific meeting you are planning on attending.

**Backup material for agenda item:**

- A. CONSENT - Approve minutes from regular 1.4.18 commission meeting

Livingston City Commission Meeting

January 4, 2018

6:30 PM

City-County Complex

**1. Call to Order**

**2. Oath of Office for newly elected Commissioner Warren Mabie and for re-elected commissioners Dorel Hoglund and Quentin Schwarz.**

**3. Roll Call**

- Hoglund, Mabie, Friedman, Schwarz and Sandberg were present.

**4. Moment of Silence**

**5. Pledge of Allegiance**

**6. Election of Chairperson and Vice Chairperson and assignment of seats for commissioners.**

(00:06:00)

- Sandberg nominated Schwarz as Chairperson. Mabie seconded.
- Friedman nominated Hoglund as Chairperson. Schwarz seconded.
  - Nomination of Schwarz failed 2-3. (Hoglund, Friedman and Schwarz opposed.)
  - Nomination of Hoglund passed 3-2. (Mabie and Sandberg opposed.)
- Friedman nominated Schwarz as Vice Chairperson. Hoglund seconded.
  - Nomination of Schwarz passed 4-1. (Mabie opposed.)

**7. Consent Items (00:13:08)**

**A. CONSENT - Approve minutes from 12.19.17 regular City Commission meeting**

**B. CONSENT - Approve Bills and Claims**

**C. CONSENT - Ratify Claims**

- Friedman made a motion to approve Consent Items A-C. Schwarz seconded.
  - All in favor, motion passed 5-0.

**8. Proclamations**

**9. Scheduled Public Comment**

**10. Public Hearings**

**D. (A) RESOLUTION NO. 4773 - A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LIVINGSTON, MONTANA, ESTABLISHING THE AUTHORITY TO DRAFT A "SAFE AND ACCESSIBLE STREETS" POLICY. (00:14:00)**

- Jacqueline Isaly made comments (00:15:50)
- Schwarz made a motion to pass Resolution No. 4773. Friedman seconded.
  - All in favor, motion passed 5-0.

**11. Ordinances**

**12. Resolutions**

**13. Action Items**

**E. (A) DISCUSS/APPROVE/DENY - Livingston Business Improvement District (LBID) and Urban Renewal Agency (URA) request for approval to fund downtown flower basket program (00:18:30)**

- Friedman made a motion to approve Action Item E. (A). Schwarz seconded.
  - All in favor, motion passed 5-0.

**F. (B) DISCUSS/APPROVE/DENY - City Commission Board Appointments for city committees (00:24:08)**

- The following Board appointments were made:
  - Tree Board - Friedman
  - Parks and Trails - Hogle
  - Library Board - Friedman
  - Skate Park Board - Mabie
  - Urban Renewal Agency - Schwarz
  - City/County Airport - Schwarz
  - City/County Health Board - Mabie
  - Planning Board - Mabie
  - 911 Communications - Schwarz
  - Transportation Coordinating Committee – Friedman
  - Sister Cities Committee - Sandberg

**G. (C) DISCUSS/APPROVE/DENY - Approve updated union negotiation policy (00:45:15)**

- Sandberg made a motion to schedule a work session to discuss and establish principles and procedures for union negotiations and table Action Item G (C) until after the work session. Schwarz seconded.
  - Motion passed 5-0. (Work session scheduled for 01/11/2018 at 5:45 p.m.)

**14. Public Comments**

- Kurt Johnson made comments (01:16:30)
- Don Platek made comments (01:28:00)

**15. City Manager Comments (01:30:50)**

**16. City Commission Comments**

- Mabie made comments (01:33:10)
- Sandberg made comments (01:33:30)
- Friedman made comments (01:35:25)
- Schwarz made comments (01:36:20)
- Hogle made comments (01:38:20)

**17. Adjournment (8:12 PM)**

**Backup material for agenda item:**

B. Please enter your agenda item text here.



01/10/18  
15:02:06

CITY OF LIVINGSTON  
Claim Approval List  
For the Accounting Period: 1/18

Page: 1 of 9  
Report ID: AP100

Operating Cash  
\* ... Over spent expenditure

Claim	Vendor #/Name/ Check Invoice #/Inv Date/Description	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
34582	781 2M COMPANY, INC.	392.00					
	8079673 11/20/17 Ice melt	300.00			1000 155 460430	231	101000
	8079673 11/20/17 Ice melt	92.00			1000 155 460442	231	101000
34583	22 ALL SERVICE TIRE & ALIGNMENT,	60.00					
	53763 12/27/17 Flat repair	40.00*			5210 502 430515	232	101000
	53757 12/26/17 Flat repair	20.00			5310 503 430625	232	101000
34584	23 CARQUEST AUTO PARTS	161.74					
	1912399080 01/02/18 Fuel and additive	53.47			5310 503 430625	232	101000
	1912398567 12/26/17 Battery for cemetery dump	108.27			1000 155 430930	362	101000
34585	2671 COMDATA	2,161.32					
	20289967 01/01/18 Fuel	863.72			5210 502 430515	236	101000
	20289967 01/01/18 Fuel	376.36			5310 503 430625	236	101000
	20289967 01/01/18 Fuel	163.66			1000 155 430950	236	101000
	20289967 01/01/18 Fuel	474.33			2500 151 430240	236	101000
	20289967 01/01/18 Fuel	188.65			5410 504 430830	236	101000
	20289967 01/01/18 Fuel	94.60			1000 154 440640	236	101000
34586	424 ENERGY LABORATORIES, INC.	424.00					
	126067 12/14/17 Eff comp.	127.00			5310 503 430640	355	101000
	127272 12/19/17 Dewatered sludge	297.00			5310 503 430640	355	101000
34587	2516 FRONTLINE AG SOLUTIONS, LLC	0.81					
	503819 12/19/17 Cotter pin	0.81*			5210 502 430515	232	101000
34588	3298 EXEC U CARE SERVICES, INC.	400.00					
	1437 01/02/18 PW cleaning for Dec.	66.66			5210 502 430510	224	101000
	1437 01/02/18 PW cleaning for Dec.	66.66			5310 503 430610	224	101000
	1437 01/02/18 PW cleaning for Dec.	66.67			5410 504 430820	224	101000
	1437 01/02/18 PW cleaning for Dec.	66.67			2500 151 430220	224	101000
	1437 01/02/18 PW cleaning for Dec.	66.67			1000 155 430100	224	101000
	1437 01/02/18 PW cleaning for Dec.	66.67			1000 106 411030	220	101000
34589	102 INDUSTRIAL TOWEL	68.34					
	40903 12/29/17 Slate WRF	24.50			5310 503 430610	224	101000
	40903 12/29/17 Mat cleaning	8.77			5310 503 430610	224	101000
	40903 12/29/17 Mat cleaning	8.77			5210 502 430510	224	101000
	40903 12/29/17 Mat cleaning	8.77			5410 504 430820	220	101000
	40903 12/29/17 Mat cleaning	8.77			2500 151 430220	224	101000
	40903 12/29/17 Mat cleaning	8.76			1000 106 411030	200	101000

01/10/18  
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CITY OF LIVINGSTON  
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Operating Cash  
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Claim	Vendor #/Name/	Document \$/	Disc \$	PO #	Fund Org Acct	Object Proj	Cash
Check	Invoice #/Inv Date/Description	Line \$					Account
34590	776 KENYON NOBLE	9.98					
6332548	12/15/17 Shop wall	9.98			1000 155 460430	231	101000
34591	2863 KIMBALL MIDWEST	83.57					
6031431	12/12/17 Medicin	33.92			5310 503 430640	255	101000
6031425	12/12/17 Medicin	49.65			5210 502 430515	231	101000
34592	26 LIVINGSTON ACE HARDWARE -	279.29					
C18963	12/27/17 Ice melt for shop	74.97			5210 502 430510	220	101000
C18327	12/26/17 Snow pusher	43.98			5210 502 430515	231	101000
B50283	12/15/17 Shop wall	58.90			1000 155 460430	231	101000
B51820	12/19/17 Keys	26.91			1000 155 460430	231	101000
B51822	12/19/17 Shop - key rings	7.99			1000 155 460430	231	101000
B51894	12/19/17 Shop	4.59			1000 155 460430	231	101000
C18225	12/26/17 Park shop office	29.99			1000 155 460430	231	101000
B49605	12/14/17 Mop and premix	31.96			1000 155 460430	231	101000
34593	2731 MONTANA WASTE SYSTEMS, INC	183,259.27					
539271	10/31/17 Transfer Station fees	67,873.96			5410 504 430840	396	101000
542616	11/30/17 Transfer Station fees	66,797.70			5410 504 430840	396	101000
549053	12/31/17 Transfer Station fees	48,587.61			5410 504 430840	396	101000
34594	3675 PUBWORKS	2,151.00					
274-006	01/01/18 Annual support & maint. 2018	430.20			1000 155 430100	357	101000
274-006	01/01/18 Annual support & maint. 2018	430.20			2500 151 430220	357	101000
274-006	01/01/18 Annual support & maint. 2018	430.20			5210 502 430510	357	101000
274-006	01/01/18 Annual support & maint. 2018	430.20			5310 503 430610	357	101000
274-006	01/01/18 Annual support & maint. 2018	430.20			5410 504 430810	357	101000
34595	258 QUALITY CONTROL SERVICES, INC.	275.98					
50795	12/01/17 Model 4247	275.98			5310 503 430640	225	101000
34596	3472 UTILITIES UNDERGROUND LOCATION	73.79					
7125084	12/31/17 Utility locate notifications	36.89			5210 502 430515	317	101000
7125084	12/31/17 Utility locate notifications	36.90			5310 503 430625	317	101000
34597	2087 WISPWEST.NET	56.30					
374729	01/02/18 Civic Center	46.30			1000 155 430950	346	101000
377100	01/02/18 Pool	10.00			1000 155 430950	346	101000

01/10/18  
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34598	151 NORTHWESTERN ENERGY	9,174.18					
	0709877-5 12/06/17 200 E Reservoir	506.24			5210 502 430515	341	101000
	0719271-9 12/07/17 601 Robin Lane - Well	1,195.82			5210 502 430515	341	101000
	0719272-7 12/07/17 4 Billman Lane - Well	1,494.56			5210 502 430515	341	101000
	0709882-5 12/15/17 229 River Dr. Pump Civic Ce	16.64			5210 502 430515	341	101000
	0708370-2 12/13/17 8th and Park sprinklers	6.22			1000 155 430950	341	101000
	0719373-3 12/13/17 229 River Dr.	8.92			1000 155 430950	341	101000
	0720113-0 12/08/17 229 River Dr. CC building	245.32			1000 155 430950	341	101000
	0709880-9 12/08/17 200 River Dr. Pool	287.59			1000 155 460445	341	101000
	0709881-7 12/08/17 229 River Dr. Civic Center	1,374.18			1000 155 460442	341	101000
	0719358-4 12/14/17 Street lights	3,883.74			2400 420100	340	101000
	0720122-1 12/13/17 400 North M	12.76			2400 420100	340	101000
	0802599-1 12/13/17 608 W. Chinook	73.29			2400 420100	340	101000
	0933715-5 12/13/17 710 W. Callender	68.90			2400 420100	340	101000
34599	162 CENTURYLINK	983.74					
	3850 12/04/17 Sewer Plant	353.86			5310 503 430640	343	101000
	5606 12/04/17 Utility Billings	113.03			5210 502 430520	343	101000
	5570 12/04/17 Utility Billings	113.03			5310 503 430620	343	101000
	5570 12/04/17 Utility Billings	113.04			5410 504 430820	343	101000
	4903 12/04/17 Planning dept	82.62			1000 106 411030	343	101000
	6436 12/04/17 Park Dept.	208.16*			1000 109 460449	343	101000
34600	3459 MCCI	2,623.40					
	00012887 12/05/17 Laserfische 2/3/18-2/2/19	2,623.40			1000 123 411700	368	101000
34601	151 NORTHWESTERN ENERGY	2,874.06					
	31201338 12/08/17 110 South B St	216.28			1000 121 411230	341	101000
	31201346 12/08/17 112 South B St	123.20			1000 121 411230	341	101000
	07098684 12/13/17 414 E. Callender	8.52			1000 121 411230	341	101000
	07099351 12/08/17 414 E. Callender	2,526.06			1000 121 411230	341	101000
34602	54 GATEWAY OFFICE SUPPLY	3.74					
	38838 12/12/17 Office Supplies	3.74*			5510 142 420730	210	101000
34603	1814 SPECIAL LUBE	85.90					
	53798 12/14/17 Chevy 4904840	42.95			1000 141 420400	232	101000
	53844 12/18/17 Ford 499867C	42.95*			5510 142 420730	232	101000

01/10/18  
15:02:06

CITY OF LIVINGSTON  
Claim Approval List  
For the Accounting Period: 1/18

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Report ID: AP100

Operating Cash  
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Claim	Check	Invoice #/Inv Date/Description	Vendor #/Name/ Line \$	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
34604		55 LIVINGSTON HEALTH CARE-MEMORIAL		49.77					
	3648052	12/13/17 Patient Supplies		49.77			5510 142 420730	235	101000
34605		402 ALPINE ELECTRONICS RADIO SHACK		37.98					
	10244312	12/12/17 Office Supplies		37.98			1000 141 420400	210	101000
34606		2662 BOUND TREE MEDICAL, LLC		776.17					
	82711794	12/12/17 Patient Supplies		211.44			5510 142 420730	235	101000
	82718468	12/19/17 Patient Supplies		564.73			5510 142 420730	235	101000
34607		34 MOUNTAIN AIR SPORTS		66.00					
	211748	12/18/17 Uniform		66.00			1000 141 420400	220	101000
34608		250 INSTY-PRINTS		38.84					
	23685	12/18/17 (2) Engraved Signs		38.84			1000 101 410130	200	101000
34609		147 LIVINGSTON UTILITY BILLING		32.38					
	1010	12/19/17 Courthouse Fireline Fee 37%		32.38			1000 121 411230	360	101000
34610		54 GATEWAY OFFICE SUPPLY		35.59					
	38949	12/19/17 Office Supplies		35.59			1000 123 411700	211	101000
34611		3237 WHISTLER TOWING, LLC		150.00					
	16381	12/14/17 Abandoned Trailer		75.00			1000 131 420100	350	101000
	16366	12/13/17 Abandoned 1977 Dodge Pickup		75.00			1000 131 420100	350	101000
34612		22 ALL SERVICE TIRE & ALIGNMENT,		41.00					
	53727	12/18/17 Oil Change		41.00			1000 131 420100	231	101000
34613		292 UPS STORE #2420, THE		9.76					
	335591303	12/14/17 LPD Shipment		9.76			1000 123 411700	310	101000
34615		272 PARK COUNTY		482.46					
	1035	01/03/18 City phones		105.00			1000 122 411300	343	101000
	1035	01/03/18 Fire 50% phones		47.48			1000 141 420400	343	101000
	1035	01/03/18 Amb 50% phones		47.48*			5510 142 420730	343	101000
	1035	01/03/18 Police phones		77.12			1000 131 420100	350	101000
	1035	01/03/18 Dispatch phone		35.23			2300 132 420160	343	101000
	1035	01/03/18 37% Misc Maint Supplies		170.15			1000 121 411230	365	101000

01/10/18  
15:02:06

CITY OF LIVINGSTON  
Claim Approval List  
For the Accounting Period: 1/18

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Report ID: AP100

Operating Cash  
\* ... Over spent expenditure

Claim	Check	Invoice #/Inv Date/Description	Vendor #/Name/	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
34616		2705 CITY OF LIVINGSTON		36.67					
	17-18	11/18/17 Coffee Creamer		2.79			1000 123 411700	211	101000
	17-18	12/16/17 Coffee Creamer		10.59			1000 123 411700	211	101000
	17-18	10/29/17 Dixie Bowls		9.99			1000 123 411700	211	101000
	17-18	10/26/17 Police Mailing		6.65			1000 131 420100	320	101000
	17-18	01/04/18 Police Mailing		6.65			1000 131 420100	320	101000
34617		3727 AAA CLEANING, LLC		300.00					
	12-2017	12/31/17 Cleaning - December		300.00			1000 121 411230	360	101000
34618		3450 ARROW INTERNATIONAL, INC		855.77					
	95377831	12/20/17 EZ-IO Driver		295.00*			5510 142 420730	220	101000
	95354876	12/11/17 Patient Supplies		560.77			5510 142 420730	235	101000
34619		3223 BERG'S OVERHEAD DOOR LLC		389.00					
	2151	12/22/17 Garage Door Installation Kit		389.00*			5510 142 420730	360	101000
34620		23 CARQUEST AUTO PARTS		9.49					
	1912398782	12/28/17 LED Bulb		9.49*			5510 142 420730	231	101000
34622		2705 CITY OF LIVINGSTON		178.29					
	17-18	09/21/17 Creamer and Cleaning Supply		39.79			5210 502 430510	220	101000
	17-18	10/13/17 Creamer		7.48			2500 151 430220	200	101000
	17-18	09/05/17 Candy		6.47			5410 504 430820	220	101000
	17-18	10/18/17 Creamer		10.48			1000 155 430100	220	101000
	17-18	11/15/17 Creamer & Candy		14.65			1000 106 411030	200	101000
	17-18	11/08/17 Creamer		12.98			2500 151 430220	200	101000
	17-18	12/14/17 Creamer & Candy		17.55			5310 503 430620	220	101000
	17-18	08/02/17 Street Elbow		11.38			5310 503 430620	220	101000
	17-18	09/28/17 Sand Paper		4.99*			5210 502 430520	220	101000
	17-18	10/16/17 Chainlink		2.97			2500 151 430240	232	101000
	17-18	10/24/17 Sewer Keys		5.98			5310 503 430620	220	101000
	17-18	10/25/17 For Generator @ Centennial L.S		6.98			5310 503 430620	220	101000
	17-18	12/12/17 Pastries for Retreat		7.49			2500 151 430220	200	101000
	17-18	12/12/17 Pastries for Retreat		7.49			5410 504 430820	220	101000
	17-18	12/21/17 Vac Bag		7.99			5310 503 430620	220	101000
	17-18	01/02/18 Stamps		6.15*			5210 502 430520	220	101000
	17-18	12/21/17 Nails		7.47*			5210 502 430520	220	101000

01/10/18  
15:02:06

CITY OF LIVINGSTON  
Claim Approval List  
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Report ID: AP100

Operating Cash  
\* ... Over spent expenditure

Claim	Check	Invoice #/Inv Date/Description	Vendor #/Name/ Line \$	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
34623	56271	01/08/18	3605 ADVANCED ENGINEERING & November WRF Construction Serv	91,919.91 91,919.91*			5310 503 430640	940	101000
34624	20289951	01/01/18	2671 COMDATA Fuel Police Dept.	1,943.55 1,943.55			1000 131 420100	236	101000
34625	1	01/02/18	999999 DUNN, DOUG Refund on Sheep Mtn Radio	50.00 50.00			1000 361000		101000
34626	1436	01/02/18	3298 EXEC U CARE SERVICES, INC. December Janitorial Services	1,119.42 1,119.42			1000 121 411230	364	101000
34627	8330400	01/19/18	3668 FORD MOTOR CREDIT COMPANY, LLC Vehicle Payment 2 of 2	36,436.67 16,986.78*			1000 141 490500	610	101000
	8330400	01/19/18	Vehicle Payment 2 of 2	1,231.55*			1000 141 490500	620	101000
	8330400	01/19/18	Vehicle Payment 2 of 2	16,986.79*			5510 142 490500	610	101000
	8330400	01/19/18	Vehicle Payment 2 of 2	1,231.55*			5510 142 490500	620	101000
34628	38991	12/22/17	54 GATEWAY OFFICE SUPPLY Office Supplies	4.45 4.45			1000 141 420400	210	101000
34629	22728	12/21/17	2426 GRANITE TECHNOLOGY SOLUTIONS, ESET 2 year renewal	954.80 954.80			1000 123 411700	212	101000
34630	812163	12/21/17	1920 HORIZON AUTO PARTS Battery	227.52 227.52*			5510 142 420730	232	101000
34631	200244	12/13/17	63 HOUSE OF CLEAN 37% Janitorial supplies	76.06 16.63			1000 121 411230	231	101000
	200600	12/19/17	37% Janitorial supplies	59.43			1000 121 411230	231	101000
34632	23719	12/20/17	250 INSTY-PRINTS Drug Chart	47.38 47.38*			5510 142 420730	320	101000
34633	21920426	01/03/18	1783 J & H OFFICE EQUIPMENT Copier lease	275.29 275.29			1000 123 411700	368	101000
34634	17-18	12/26/17	3104 KUNNATH, STEVE Canon PowerShot Camera	99.99 99.99			1000 131 420100	220	101000

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Operating Cash  
\* ... Over spent expenditure

Claim	Vendor #/Name/	Document \$/	Disc \$						Cash
Check	Invoice #/Inv Date/Description	Line \$		PO #	Fund Org Acct	Object	Proj	Account	
34635	3449 LEAF	27.60							
7986475	12/22/17 Kyocera Copier	27.60			2300 132 420160	220		101000	
34636	26 LIVINGSTON ACE HARDWARE -	353.20							
C19895	12/29/17 Police Supplies	59.98			1000 131 420100	220		101000	
B51028	12/17/17 Cleaning Supply	19.36*			5510 142 420730	220		101000	
C19244	12/18/17 Ice Melt	49.98			1000 141 420400	220		101000	
214897	07/12/17 El tools	223.88*			4100 141 420460	220		101000	
34637	146 LIVINGSTON ENTERPRISE	73.50							
141283	12/11/17 URA Meeting	21.00*			2300 470300	331		101000	
141519	12/18/17 Downtown Inp. Projects	38.50			1000 101 410130	331		101000	
141634	12/20/17 Transfer Station Close	14.00*			5410 504 430870	331		101000	
34638	55 LIVINGSTON HEALTH CARE-MEMORIAL	329.72							
3655214	12/28/17 Patient Supplies	40.04			5510 142 420730	235		101000	
18062	12/27/17 Patient Supplies	55.48			5510 142 420730	235		101000	
32713	10/17/17 Immunization Acct. 174514-0	234.20			1000 131 420100	350		101000	
34639	2958 NEOFUNDS BY NEOPOST USA, INC	902.04							
11386275	12/21/17 Postage	300.68*			5210 502 430570	213		101000	
11386275	12/21/17 Postage	300.68*			5310 503 430670	213		101000	
11386275	12/21/17 Postage	300.68*			5410 504 430870	213		101000	
34640	153 POWERS, DIANE	46.00							
17-18	01/02/18 Banks & Errands x23	46.00			1000 104 410550	130		101000	
34641	2299 RIVER BEND THREADS	80.04							
659	12/20/17 Reserve Uniform	80.04			1000 141 420402	148		101000	
34642	2595 TOWN & COUNTRY FOODS -	14.73							
8236002	12/27/17 Cleaning Supplies	14.73*			5510 142 420730	220		101000	
34643	3376 TRANSUNION RISK & ALTERNATIVE	25.00							
380349	01/01/18 investigative research	25.00			1000 131 420100	350		101000	
34644	3237 WHISTLER TOWING, LLC	200.00							
16434	12/18/17 Abandoned Trailer	75.00			1000 131 420100	350		101000	
6595	12/13/17 Medic 1 Tow	125.00*			5510 142 420730	360		101000	

Operating Cash  
\* ... Over spent expenditure

Claim	Vendor #/Name/	Document \$/	Disc \$						Cash	
Check	Invoice #/Inv Date/Description	Line \$		PO #	Fund	Org	Acct	Object	Proj	Account
34645	576 YELLOWSTONE GIFTS & SPORTS	34.99								
110374	12/27/17 Case Assault Rifle	34.99			1000	131	420100	228		101000
34646	879 VERIZON WIRELESS	1,893.92								
0836	12/20/17 McClure	18.83			5210	502	430515	347		101000
6948	12/20/17 Rich Stordalen	59.06			5410	504	430820	347		101000
2471	12/20/17 Solid Waste - Truck	18.64			5410	504	430820	347		101000
0340	12/20/17 EMS	74.44*			5510	142	420730	347		101000
0168	12/20/17 EMS	18.64*			5510	142	420730	347		101000
0167	12/20/17 EMS	60.16*			5510	142	420730	347		101000
0169	12/20/17 EMS	18.64*			5510	142	420730	347		101000
2114	12/20/17 Fire	74.44			1000	141	420400	347		101000
0542	12/20/17 Fire	59.06			1000	141	420400	347		101000
3580	12/20/17 Fire	42.54			1000	141	420400	347		101000
8483	12/20/17 Planning	18.66			1000	106	411030	347		101000
0712	12/20/17 Dispatch	19.55			2300	132	420160	220		101000
7702	12/20/17 Cemetery	31.09			1000	155	430950	347		101000
6974	12/20/17 Roaming Crew - Jones	23.03			1000	155	430950	347		101000
1469	12/20/17 Water Cell	74.44			5210	502	430515	347		101000
1472	12/20/17 Water Cell	16.06			5210	502	430515	347		101000
2195	12/20/17 Roaming	82.44			1000	155	430950	347		101000
7857	12/20/17 Sewer	18.64			5310	503	430620	347		101000
1470	12/20/17 Sewer	24.04			5310	503	430620	347		101000
9101	12/20/17 Schweigert 1/2 Water	31.03			5210	502	430515	347		101000
9101	12/20/17 Sewer 1/2	31.03			5310	503	430620	347		101000
6565	12/20/17 Water 1/2	34.53			5210	502	430515	347		101000
6565	12/20/17 Sewer 1/2	34.52			5310	503	430620	347		101000
1359	12/20/17 Parks	18.64			1000	155	430950	347		101000
1823	12/20/17 Street	18.64			2500	151	430220	347		101000
2197	12/20/17 Animal Control	74.44			1000	154	440640	347		101000
2196	12/20/17 Street	84.43			2500	151	430220	347		101000
9008	12/20/17 Code Enforcements	18.64			1000	143	420403	347		101000
7258	12/20/17 Building	18.92			1000	143	420403	347		101000
7422	12/20/17 City Manager	67.06			1000	122	411300	347		101000
8155	12/20/17 Rec. Dept.	74.44			1000	109	460449	347		101000
2233	12/20/17 ATS	59.06			1000	109	460449	347		101000
9870	12/20/17 ATS	74.44			1000	109	460449	347		101000
9535	12/20/17 Pool	18.64			1000	109	460449	347		101000
2053	12/20/17 Fire Cheif	61.16			1000	141	420400	347		101000
8678	12/20/17 Medic 2	18.64*			5510	142	420730	347		101000
9928	12/20/17 Fire & Rescue	42.52			1000	141	420400	347		101000
9929	12/20/17 Fire & Rescue	42.52			1000	141	420400	347		101000
8255	12/20/17 Fire & Rescue	42.52			1000	141	420400	347		101000
8268	12/20/17 PW Eng - Whitman 1/2	29.53			5210	502	430515	347		101000



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Claim	Check	Invoice #/Inv Date/Description	Vendor #/Name/ Line \$	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
	8268	12/20/17	PW Eng - Whitman 1/2		29.53		5310 503 430620	347	101000
	2470	12/20/17	Transfer Station		21.23		5410 504 430820	347	101000
	6314	12/20/17	Scale House		18.64		5410 504 430820	347	101000
	0509	12/20/17	Solid Waste - Van		69.05		5410 504 430820	347	101000
	5246	12/20/17	Tom's Ipad		30.02*		5210 503 430515	347	101000
	5022	12/20/17	WWTP - Dan		59.06		5310 503 430620	347	101000
	8119	12/20/17	WWTP - Pager		18.64		5310 503 430620	347	101000
34647		2919	FOUR CORNERS RECYCLING, LLC		3,342.86				
	761	11/02/16	Pull fees		3,300.00		5410 504 430840	388	101000
	761	11/02/16	Box rental		400.00		5410 504 430840	388	101000
	761	11/02/16	ONP - losse		-325.20		5410 504 430840	388	101000
	761	11/02/16	OCC- loose		-342.90		5410 504 430840	388	101000
	761	11/02/16	Mixed cans		-299.00		5410 504 430840	388	101000
	761	11/02/16	Mixed metal/whitegoods		-670.40		5410 504 430840	388	101000
	2873	11/28/17	Pull fees		1,650.00		5410 504 430840	388	101000
	2873	11/28/17	Plastic baling		196.90		5410 504 430840	388	101000
	2873CM	11/28/17	Purchased mixed metals/white g		-29.40		5410 504 430840	388	101000
	2873CM	11/28/17	Purchased ONP		-143.20		5410 504 430840	388	101000
	2873CM	11/28/17	Purchased OCC		-366.00		5410 504 430840	388	101000
	2873CM	11/28/17	Purchased mixed cans		-27.94		5410 504 430840	388	101000
34648		26	LIVINGSTON ACE HARDWARE -		53.60				
	216944	08/23/17	Parts		18.37		5210 502 430515	231	101000
	215671	07/27/17	Key master		8.97		5210 502 430515	231	101000
	215474	07/24/17	Raid		9.98		5210 502 430515	231	101000
	C21705	01/03/18	For pull behind jet		16.28		5310 503 430625	231	101000
34649		3016	MT WATERWORKS		525.00				
	24892	12/12/17	Double strap saddles		525.00*		5210 502 430520	220	101000
34650		1439	STAFFORD ANIMAL SHELTER		1,581.25				
	November17	12/07/17	Boarding, Vaccinations & E		1,581.25*		1000 154 440640	350	101000
34651		626	UTILITIES SPECIALTIES, INC		105.47				
	6798	12/27/17	Relief valve		105.47		5310 503 430625	232	101000
*** Claim from another period (12/17) ****									
34652		2939	PARK COUNTY IT		19,890.00				
Quarterly IT payment									
	2018_02	12/31/17	Quarterly IT Payment		702.00		1000 101 410130	368	101000
	2018_02	12/31/17	Quarterly IT Payment		234.00		1000 102 410360	368	101000
	2018_02	12/31/17	Quarterly IT Payment		702.00		1000 103 410400	368	101000
	2018_02	12/31/17	Quarterly IT Payment		234.00		1000 104 410540	368	101000
	2018_02	12/31/17	Quarterly IT Payment		468.00		1000 104 410550	368	101000
	2018_02	12/31/17	Quarterly IT Payment		702.00		1000 106 411030	368	101000

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Claim	Check	Invoice #/Inv Date/Description	Vendor #/Name/	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
	2018_02	12/31/17	Quarterly IT Payment	468.00			1000 107 411100	368	101000
	2018_02	12/31/17	Quarterly IT Payment	1,872.00			1000 109 460442	368	101000
	2018_02	12/31/17	Quarterly IT Payment	3,276.00			1000 123 411700	368	101000
	2018_02	12/31/17	Quarterly IT Payment	3,510.00			1000 131 420100	368	101000
	2018_02	12/31/17	Quarterly IT Payment	702.00			1000 141 420400	368	101000
	2018_02	12/31/17	Quarterly IT Payment	234.00			1000 143 420403	368	101000
	2018_02	12/31/17	Quarterly IT Payment	187.20			1000 154 440640	368	101000
	2018_02	12/31/17	Quarterly IT Payment	355.68			1000 155 430950	368	101000
	2018_02	12/31/17	Quarterly IT Payment	1,872.00			2300 132 420160	368	101000
	2018_02	12/31/17	Quarterly IT Payment	121.68*			2500 151 430210	368	101000
	2018_02	12/31/17	Quarterly IT Payment	526.50			2500 151 430240	368	101000
	2018_02	12/31/17	Quarterly IT Payment	140.40*			5210 502 430510	368	101000
	2018_02	12/31/17	Quarterly IT Payment	526.50			5210 502 430515	368	101000
	2018_02	12/31/17	Quarterly IT Payment	234.00*			5210 502 430570	368	101000
	2018_02	12/31/17	Quarterly IT Payment	177.84*			5310 503 430610	368	101000
	2018_02	12/31/17	Quarterly IT Payment	292.50			5310 503 430625	368	101000
	2018_02	12/31/17	Quarterly IT Payment	234.00			5310 503 430640	368	101000
	2018_02	12/31/17	Quarterly IT Payment	234.00*			5310 503 430670	368	101000
	2018_02	12/31/17	Quarterly IT Payment	140.40*			5410 504 430810	368	101000
	2018_02	12/31/17	Quarterly IT Payment	339.30			5410 504 430830	368	101000
	2018_02	12/31/17	Quarterly IT Payment	702.00*			5410 504 430870	368	101000
	2018_02	12/31/17	Quarterly IT Payment	702.00			5510 142 420710	368	101000
34653		682 CENTRON SERVICES		13.34					
	3069	12/27/17	Parking Ticket collections	13.34			1000 351033		101000
34654		3387 J & H, Inc.		92.77					
	521747	01/09/18	Canon Copier Lease	92.77			1000 109 460449	368	101000
34655		1658 KONE INC.		305.37					
	949807544	01/01/18	37% Elevator Maint 01/18-03	305.37			1000 121 411230	360	101000
34656		3023 RICK'S REFRIGERATION, INC.		460.85					
	12436	12/19/17	37% Belt Maint.	226.77			1000 121 411230	365	101000
	12491	01/02/18	37% Sherriff's Office	234.08			1000 121 411230	365	101000
34657		2662 BOUND TREE MEDICAL, LLC		1,016.12					
	82727408	12/29/17	Patient Supplies	414.97			5510 142 420730	235	101000
	82730094	01/03/18	Patient Supplies	601.15			5510 142 420730	235	101000





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Claim	Check	Invoice #/Inv Date/Description	Vendor #/Name/	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
			Fetterhoff 12/07/17 Stamps.com	24.99			1000 123 411700	310	101000
			Fetterhoff 12/11/17 Ergo Desktop	157.00			1000 123 411700	211	101000
			Fetterhoff 12/18/17 Wendy's	6.79			1000 341010		101000
			Fetterhoff 12/19/17 Costco	120.00*			1000 104 410540	333	101000
			Fetterhoff 12/21/17 MT Gov Online Trns	75.00*			1000 104 410540	333	101000
			Fetterhoff 12/24/17 Government Finance	170.00*			1000 104 410540	333	101000
			Whitman 12/13/17 Cluck	33.00*			2500 151 430240	370	101000
			Whitman 12/13/17 Cluck	33.00			5210 502 430515	370	101000
			Whitman 12/13/17 Cluck	33.00			5310 503 430625	370	101000
			Whitman 12/13/17 Cluck	33.00			5410 504 430830	370	101000
			Chambers 12/04/17 Amazon	108.95			1000 141 420400	365	101000
			Chambers 12/07/17 Ecommerce - MHW	120.00			1000 141 420402	148	101000
			Chambers 12/07/17 Amazon	130.00*			1000 109 460442	231	101000
			Chambers 12/07/17 Pizza Hut	66.48*			1000 141 420400	370	101000
			Chambers 12/12/17 Amazon	250.04*			5510 142 420730	231	101000
			Chambers 12/13/17 WPSG, Inc	276.49*			1000 141 420410	220	101000
			Chambers 12/15/17 WPSG, Inc	296.58*			1000 141 420410	220	101000
			Chambers 12/27/17 WPSG, Inc	296.58			1000 141 420400	220	101000
			Chambers 12/29/17 Fire Safety USA	55.00			1000 141 420400	220	101000
			Tarr 12/04/17 Amazon Credit Voucher	-27.59			1000 109 460449	226	101000
			Tarr 12/13/17 Town & Country	5.49			1000 109 460449	226	101000
			Tarr 12/28/17 Shopko	48.96			1000 109 460449	226	101000
			Tarr 12/28/17 Shopko Credit Voucher	-47.96			1000 109 460449	226	101000
			Tarr 12/31/17 Facebook	62.16			1000 109 460449	336	101000
			Porteen 12/06/17 Amazon	30.69			1000 101 410130	200	101000
			Schneider 12/30/17 Pizza Hut	23.48			1000 155 430950	370	101000
			Schneider 12/30/17 Pizza Hut	23.48*			2500 151 430240	370	101000
			MacInnes 12/01/17 Pony Express Lube	49.90			1000 141 420400	232	101000
			MacInnes 12/08/17 E-One	277.63			1000 141 420400	230	101000
			MacInnes 12/11/17 Discountfilters	21.92			1000 141 420400	220	101000
			MacInnes 12/12/17 Medwrite	3,724.98			5510 142 420730	350	101000
			MacInnes 12/14/17 National Emergency	335.72*			1000 141 420400	370	101000
			MacInnes 12/28/17 Balco Uniform	15.00			1000 141 420400	220	101000
			MacInnes 12/28/17 Montana Rib & Chop	60.80			1000 141 420400	312	101000
34672		3544 MAHER, LESA		230.00					
	17-18	01/09/18 Instructor @ Pool 23hrs		230.00*			1000 109 460445	316	101000
34673		151 NORTHWESTERN ENERGY		33,522.00					
	01/08/18	Electric upgrade for WRF		33,522.00*			5310 503 430640	940	101000
		# of Claims	89	Total:	435,090.57				

**Backup material for agenda item:**

- C. Approve Bill Walsh's application for Board of Adjustments

**City of Livingston**  
**Application for Appointed Office**  
(Revised 3/17/03)

Appointed Position Seeking: Board of Adjustments

Date of Application: 12-18-17

Name: Bill Walsh

Signed: Bill Walsh

Address: 215 South 3rd St.

Telephone: daytime 406 823-9799

after 5:00 p.m.: 406 823-9799

Fax Number: \_\_\_\_\_

e-mail address: billw9899@gmail.com

1. Are you a resident of the City of Livingston? yes

2. Are you a registered voter? yes

3. Will you be at least 18 years of age at the time of the appointment? yes

4. Describe the reasons you are interested in this appointment: Interested in Livingston + surrounding area keeping it a small community. Not another Bozeman.

5. Describe any background, experience and interests that you have which may assist you in performing the responsibilities of this appointment:

A. Occupation: Sales Engineer Industrial Pumps, Power + Refineries

B. Education: 2 yrs college criminology

C. Experience: Sales, Electrician, Construction, Electrical, Plumbing, Carpentry, Home Remodeling

(please attach a detailed resume if desired)

6. Have you served on any previous boards or in any governmental positions in the past? No

7. Are you currently serving on any Community Boards? No

A. If yes, please describe those boards. \_\_\_\_\_

8. Current Employer? GPM, Inc. Duluth, MN.

9. Are you available for night meetings? yes

10. Are you available for daytime meetings? yes

11. Do you foresee any potential conflicts of interest that you might have in executing the duties of this appointed office? No

12. If conflict of interest arose for you, how would you deal with it as an appointed member of this board? Do the right thing. According to the laws, rules or Rules.

**Backup material for agenda item:**

- A. Scheduled Public Comment - Katie Weaver, MSU Extension, with economic development update



## MSU Park County Extension Economic & Community Development November & December 2017 Report

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- BSTF Job Creation Grant awarded to Park County on behalf of Printing For Less for **\$170,000** for the creation of **34 new jobs**; ongoing grant management and reporting
- Met with and counseled **eleven** businesses
  - Advised two business expansions and two business startups
- Ongoing facilitation of Brownfields assessment and cleanup grants/loans
  - Assessment grant for a Livingston business; initial survey completed in July, estimated value of **\$56,500**; additional work is ongoing
  - Assisted in the submission of an assessment grant for Blue Bunch Flats (former hospital) affordable housing project in Livingston
- Initially envisioned and spearheaded by MSU Park County Extension, the Yellowstone Grain Elevator will undergo redevelopment into housing and commercial units in 2018
- Facilitate ongoing redevelopment efforts for targeted buildings in Livingston
- Ongoing support for the Cooke City wastewater PER process, specifically strategic outreach and education
- Facilitated/supported housing initiatives in Livingston and Gardiner
  - Ongoing support to the Park County Community Foundation to plan and convene a Livingston housing group
  - Ongoing Gardiner housing discussions
- Facilitated/supported the Gardiner Tourism Partnerships' meeting and socials; the priority goals are workforce development and season expansion
- Served as faculty at the [Texas Next Generation Sector Partnership Academy](#), highlighting the work of the Greater Gallatin Valley Manufacturing Partnership and Gardiner Tourism Partnership
- Facilitated **three** strategic planning meetings with community organizations
- Planned and facilitated two Leadership 49 sessions in Livingston and Wilsall
- Developed a Leadership Engagement Series for City of Livingston and Park County employees to commence in February 2018
- Attended Leadership Montana session in Bozeman and Three Forks
- Ongoing development of Leadership 406, a statewide leadership framework based on the success and impact of Leadership 49; planning the Extension Leadership Institute

**Backup material for agenda item:**

- A. Resolution 4774 - A RESOLUTION RELATING TO THE \$5,000,000 SEWER IMPROVEMENT REVENUE BOND (USDA-RD LOAN PROGRAM), SERIES 2018A; AUTHORIZING THE ISSUANCE THEREOF AND FIXING THE TERMS AND CONDITIONS THEREOF.



Livingston City Commission  
**LEGISLATIVE ACTION SUMMARY**  
Resolution 4774, 16 Jan 2018

**Requested by:** Paige Fetterhoff, Finance Director

**Date of First Consideration/Status:** First Consideration/Approve permanent financing for USDA loan in the amount of \$5,000,000 for the WRF

**Purpose of Legislation:** Approve permanent funding from the USDA for the construction of the Waste Water Treatment Facility.

**Statutory Authority/Reference:** Issuance of Revenue Bonds (MCA 7-7-4421)

**Background:** Resolution 4716 was approved by the commission in January 2017. This resolution was related to the acceptance of the USDA funding offer for the construction of the WRF.

**Staff Recommendation:** The City Manager recommends approving the USDA permanent financing.

**Fiscal Impact:** This loan matures in 40 years at an interest rate of 1.375%. Monthly payments of \$13,550 (\$162,600 annually) are required.

**Regulatory Impact (local):** N/A

**Attachments:** Supplemental bond resolution

## CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Livingston, Montana (the "Borrower") hereby certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION RELATING TO THE \$5,000,000 SEWER IMPROVEMENT REVENUE BOND (USDA-RD LOAN PROGRAM), SERIES 2018A; AUTHORIZING THE ISSUANCE THEREOF AND FIXING THE TERMS AND CONDITIONS THEREOF" (the "Resolution"), on file in the original records of the Borrower in my legal custody; that the Resolution was duly adopted by the City Commission of the Borrower at a regular meeting on January 16, 2018 and that the meeting was duly held by the City Commission and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following City Commission members voted in favor thereof:

voted against the same:

abstained from voting thereon:

or were absent:

WITNESS my hand and seal officially this \_\_\_\_ day of January 2018.

---

City Clerk

SUPPLEMENTAL BOND RESOLUTION

Relating to the

\$5,000,000 SEWER IMPROVEMENT REVENUE BOND  
(USDA-RD LOAN PROGRAM),  
SERIES 2018A

THE CITY OF LIVINGSTON, MONTANA

Dated January 16, 2018

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(For convenience of reference only, not a part of this Bond Resolution)

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## RESOLUTION NO. 4774

## RESOLUTION RELATING TO THE \$5,000,000 SEWER IMPROVEMENT REVENUE BOND (USDA-RD LOAN PROGRAM), SERIES 2018A; AUTHORIZING THE ISSUANCE THEREOF AND FIXING THE TERMS AND CONDITIONS THEREOF

WHEREAS, pursuant to the Montana Code Annotated, Title 7, Chapter 7, Parts 44, as amended (the “Act”), the City of Livingston, a municipal corporation and a political subdivision of the State of Montana (the “Borrower”), is authorized to issue revenue bonds to finance or refinance costs for the acquisition, construction, improvement or betterment of an undertaking, such as the Borrower’s sewer system (the “System”); and

WHEREAS, the Borrower has applied to the United States Department of Agriculture, acting through the United States Department of Agriculture – Rural Development (“USDA-RD”) for a loan (the “Loan”) to enable the Borrower to finance, refinance or reimburse itself for a portion of the costs to construct and improve the System, including the replacement and modernization of the Borrower’s wastewater treatment plant (the “2017 Project”) which will carry out the purposes of the Act and the Federal Water Pollution Control Act (the “Clean Water Act”); and

WHEREAS, the Borrower previously issued its Sewer Improvement Revenue Bond Anticipation Note (DNRC Water Pollution Control State Revolving Loan Program), Series 2016 (the “Series 2016 Note”), in the original aggregate principal amount of \$1,319,000 to finance preliminary costs of the 2017 Project; and

WHEREAS, the Borrower previously issued its Sewer Improvement Revenue Bond Anticipation Note (DNRC Water Pollution Control State Revolving Loan Program), Series 2017 (the “Series 2017 Note”), in the original aggregate principal amount of \$5,000,000 to finance costs of the 2017 Project and refinance the Series 2016 Note; and

WHEREAS, the Borrower is authorized under applicable laws, ordinances and regulations to adopt this Supplemental Resolution and to issue its Sewer Improvement Revenue Bond (USDA-RD Loan Program), Series 2018A (the “Series 2018A Bond”), in the aggregate principal amount of \$5,000,000, to evidence the Loan incurred to provide a portion of the permanent financing for the 2017 Project, along with other federal and state grants and funds of the Borrower; and

WHEREAS, the proceeds of the Series 2018A Bond will be used by the Borrower to (i) current refund the Series 2017 Note, (ii) fund the Reserve Account in the amount of the Reserve Requirement for the Series 2018A Bond, and (iii) pay costs of issuance of the Series 2018A Bond; and

WHEREAS, after the issuance of the Series 2018A Bond, the Borrower expects to issue its (i) Sewer Improvement Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Subordinate Lien Taxable Series 2018B (the “Series 2018B Bond”), in the aggregate principal amount not to exceed \$400,000, and (ii) its Sewer Improvement Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2018C (the “Series 2018C Bond” and, together with the Series 2018B Bond, the “Series 2018B/C Bonds”), in the aggregate principal amount not to exceed \$6,500,000 in order to finance a portion of the costs of the 2017 Project; and

WHEREAS, the Series 2018A Bond and the Series 2018B/C Bonds will be payable from Net Revenues (defined below) of the System; provided, however, that the repayment of the Series 2018B Bond will be on a junior and subordinate basis; and



WHEREAS, the Series 2018A Bond will be issued on a parity basis with the Borrower’s outstanding (i) Sewer Revenue Bonds (DNRC Water Pollution Control State Revolving Loan Program), Series 2009B (ARRA) (the “Series 2009B Bonds”), (ii) Sewer System Revenue Refunding Bonds, Series 2012 (the “Series 2012 Bonds”), (iii) the loan through the Montana Board of Investments Intercap Program (the “Sewer Intercap Loan”) payable from the Net Revenues, and (iv) the Series 2018C Bond; and

WHEREAS, the Borrower is authorized to charge just and equitable rates, charges and rentals for all services directly or indirectly furnished by the System, and to pledge and appropriate to the Series 2018A Bond the net revenues to be derived from the operation of the System (the “Net Revenues”), including improvements, betterments or extensions thereof hereafter constructed or acquired, and the Net Revenues to be produced by such rates, charges and rentals during the term of the Series 2018A Bond and the useful life of the improvements financed or refinanced thereby will be more than sufficient to pay the principal and interest when due on the Series 2018A Bond, and to create and maintain reasonable reserves therefor and to provide an allowance for replacement and depreciation, as herein prescribed.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LIVINGSTON, MONTANA, AS FOLLOWS:

ARTICLE I  
DEFINITIONS, RULES OF CONSTRUCTION, APPENDICES AND FINDINGS

Section 1.1. Definitions. In this Supplemental Resolution, unless a different meaning clearly appears from the context:

“Accountant” or “Accountants” means an independent certified public accountant or a firm of independent certified public accountants selected by the Borrower in accordance with Montana Code Annotated, Section 2-7-506, as amended.

“Act” means Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as heretofore and hereafter amended or supplemented.

“Additional Bonds” means any Bonds issued pursuant to Article XV of the Original Resolution.

“Authorized USDA-RD Officer” means the Director of the USDA-RD or his or her designee.

“Bond Counsel” means any Counsel nationally recognized as experienced in matters relating to the issuance by states or political subdivisions of tax-exempt obligations selected by the Borrower and acceptable to the USDA-RD.

“Bonds” means the Series 2009B Bonds, the Series 2012 Bonds, the Sewer Intercap Loan, the Series 2018A Bond, the Series 2018B Bond, the Series 2018C Bond, and any Additional Bonds.

“Borrower” means the City of Livingston, Montana, or any permitted successor or assign hereunder.

“Business Day” means any day which is not a Saturday or Sunday, a legal holiday in the State or a day on which banks in the State are authorized or required by law to close.

“Clean Water Act” means the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251-1387, as amended, and all regulations, rules and interpretations issued by the EPA thereunder, as may be amended.

“Closing” means the date of delivery of the Series 2018A Bond to the USDA-RD and the date of the initial disbursement of the Loan.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collateral Documents” means any security agreement, guaranty or other document or agreement delivered to the USDA-RD securing the obligations of the Borrower under this Supplemental Resolution and the Series 2018A Bond. If no Collateral Documents secure such obligations, any reference to Collateral Documents in this Supplemental Resolution shall be without effect.

“Construction Account” means the account created in the Sewer System Fund established pursuant to Section 11.2 of the Original Resolution.

“Consultant” means a nationally recognized consultant or firm of consultants, or an independent engineer or firm of independent engineers, or an Accountant, which in any case is qualified and has skill and experience in the preparation of financial feasibility studies or projections for facilities similar to the System or the 2017 Project, selected by the Borrower and satisfactory to the USDA-RD.

“Counsel” means an attorney duly admitted to practice law before the highest court of any state.

“Debt” means, without duplication, (1) indebtedness of the Borrower for borrowed money or for the deferred purchase price of property or services, (2) the obligation of the Borrower as lessee under leases which should be recorded as capital leases under generally accepted accounting principal, and (3) obligations of the Borrower under direct or indirect guarantees of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clause (1) or (2) above.

“Debt Service Account” means the account created in the Sewer System Fund pursuant to Section 11.6 of the Original Resolution.

“DEQ” means the Department of Environmental Quality of the State of Montana, an agency of the State, or any successor to its powers, duties and obligations under the State Act or the EPA Agreements.

“Enabling Act” means Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, Title 7, Chapter 13, Part 44, and Section 7-7-109, as amended, which authorizes the Borrower to own and operate the 2017 Project, to undertake the 2017 Project and to issue the Series 2018A Bond to finance a portion of costs of the 2017 Project.

“EPA” means the Environmental Protection Agency, an agency of the United States of America, and any successor to its functions under the Clean Water Act.

“Fund” means the Sewer System Fund established pursuant to Section 11.1 of the Original Resolution.

“Governmental Unit” means governmental unit as such term is used in Section 145(a) of the Code.

“Interest Payment Date” or “Payment Date” means the payment due commencing on March 1, 2018 and on the 1st day of each month thereafter for the Series 2018A Bond, or such other dates as set forth in a Supplemental Resolution.

“Letter of Conditions” means the same as defined in Section 4.1 hereof.

“Loan” means the Loan with respect to the System made to the Borrower by the USDA-RD pursuant to the commitment of the USDA-RD to provide the Loan to provide funds to pay (i) all or a portion of the costs of the System improvements of the 2017 Project, and (ii) a deposit to the Reserve Account.

“Net Revenues” means the same as defined in the Original Resolution.

“Operating Account” means the account created in the Fund pursuant to Section 11.3 of the Original Resolution.

“Operating Expenses” means the current expenses, paid or accrued, of operation, maintenance and current repair of the System and its facilities, as calculated in accordance with sound accounting practices, and will include, without limitation, administrative expenses of the Borrower relating solely to the System, premiums for insurance on the properties thereof, labor and the costs of materials and supplies used for current operation and for maintenance, and charges for the accumulation of appropriate reserves for current expenses which are not recurrent but may reasonably be expected to be incurred in accordance with sound accounting practices, but does not include any allowance for interest expense or depreciation, renewals or replacements of capital assets of the System and will not include any portion of the salaries or wages to be paid to any officer or employee of the Borrower, except such portion as will represent compensation for the performance of duties necessary to the operation of the System.

“Original Purchaser” means, with respect to any series of Bonds, the original purchaser or underwriter of such series of Bonds. The Original Purchaser of the Series 2018A Bond is the USDA-RD.

“Original Resolution” means Resolution No. 3590, adopted by this Commission on December 6, 2004, as amended and supplemented by Resolution Nos. 3754, 4078, 4085, 4104, 4289, 4711, and 4759, adopted by this Commission on June 19, 2006, October 19, 2009, November 16, 2009, April 5, 2010, April 17, 2012, December 6, 2016, and October 3, 2017, respectively.

“Payment Date” means the 1st day of each month, commencing March 1, 2018.

“Person” means any individual, corporation, partnership, joint venture, limited liability company, limited liability partnership, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Public Entity” means a State agency, city, municipality, irrigation district, county water and sewer district, a soil conservation district or other public body established by State law or an Indian tribe that has a federally recognized governing body carrying out substantial governmental duties and powers over any area.

“Rebate Account” means the account created in the Fund pursuant to Section 11.8 of the Original Resolution.

“Regulations” means the Treasury Department, Income Tax Regulations, as amended or any successor regulation thereto, promulgated under the Code or otherwise applicable to the Series 2018A Bond.

“Reserve Account” means the account created in the Fund pursuant to Section 11.5 of the Original Resolution.

“Reserve Requirement” means, as of the date of calculation, (a) an amount equal to the lesser of (i) the maximum amount of principal and interest payable on each such issue of Parity Bonds, (ii) ten percent (10%) of the original principal amount of such issue of Parity Bonds, or (iii) 125% of average annual debt service payable on such issue of Parity Bonds; or (b) such other amount as set forth in a Supplemental Resolution, provided such amount may not be less than the amount set forth in part (a).

“Resolution” means the Original Resolution, as amended and supplemented by this Supplemental Resolution and other supplemental resolutions adopted pursuant to Article IX of the Original Resolution.

“Series 2012 Bonds” means the Borrower’s \$1,319,000 Sewer System Revenue Refunding Bonds, Series 2012.

“Series 2016 Note” means the Borrower’s \$5,000,000 Sewer Improvement Revenue Bond Anticipation Note (DNRC Water Pollution Control State Revolving Loan Program), Series 2016.

“Series 2017 Note” means the Borrower’s \$5,000,000 Sewer Improvement Revenue Bond Anticipation Note (DNRC Water Pollution Control State Revolving Loan Program), Series 2017.

“Series 2018A Bond” means the Borrower’s \$5,000,000 Sewer Improvement Revenue Bond (USDA-RD Loan Program), Series 2018A.

“Series 2018B Bond” means the Borrower’s \$400,000 Sewer Improvement Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Subordinate Lien Taxable Series 2018B.

“Series 2018C Bond” means the Borrower’s \$6,500,000 Sewer Improvement Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2018C.

“Series 2018B/C Bonds” means, collectively, the Series 2018B Bond and the Series 2018C Bond.

“Series 2009B Bonds” means the Borrower’s \$359,300 Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2009B.

“Sewer Intercap Loan” means the loan through the Montana Board of Investments Intercap Program which is on a parity with any Outstanding Bonds.

“Short-Lived Asset Reserve Account” means the account created in the Sewer System Fund established pursuant to Section 11.5 of this Supplemental Resolution.

“State” means the State of Montana.

“State Act” means Montana Code Annotated, Title 75, Chapter 5, Part 11, as amended from time to time.

“Supplemental Resolution” means this Supplemental Resolution No. \_\_\_\_ of the Borrower, adopted on January 16, 2018, adopted pursuant to Article IX of the Original Resolution.

“Surplus Account” means the account created in the Sewer System Fund contemplated pursuant to Section 11.7 of the Original Resolution.

“Surplus Net Revenues” means the same as defined in the Original Resolution.

“System” means the same as defined in the Original Resolution.

“Trustee” means U.S. Bank National Association, in Seattle, Washington, or any successor trustee under the Indenture.

“2017 Project” means the facilities, improvements and activities financed, refinanced or the cost of which is being reimbursed to the Borrower with proceeds of the Loan or other loans, described in Appendix A hereto.

“2018A First Advance” means the first advance of funds of the 2018A Loan by the USDA-RD to the Borrower in an amount of at least \$5,000,000.

“2018A Loan” means the Loan evidenced by the Series 2018A Bond from the USDA-RD to the Borrower in the original principal amount of \$5,000,000.

Section 1.2. Other Rules of Construction. For all purposes of this Supplemental Resolution, except where the context clearly indicates otherwise:

- (a) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted government accounting standards.
- (b) Terms in the singular include the plural and vice versa.
- (c) All references to time shall refer to Livingston, Montana time, unless otherwise provided herein.
- (d) All references to mail shall refer to first-class mail postage prepaid.
- (e) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.
- (f) “Or” is not exclusive, but is intended to permit or encompass one, more or all of the alternatives conjoined.

Section 1.3. Appendices. Attached to this Supplemental Resolution and hereby made a part hereof are the following Appendices:

Appendix A: a description of the 2017 Project; and

Appendix B: the form of the Series 2018A Bond.

ARTICLE II  
AUTHORIZATION, FINDINGS, REPRESENTATIONS AND COVENANTS

Section 2.1. Authorization and Findings.

(a) Authorization. Under the provisions of the Enabling Act, the Borrower is authorized to issue and sell its revenue bonds payable during a term not exceeding forty years from their date of issue, to provide funds for the reconstruction, improvement, betterment and extension of the System or to refund its revenue bonds issued for such purpose; provided that the bonds and the interest thereon are to be payable solely out of the net income and revenues to be derived from rates, fees and charges for the services, facilities and commodities furnished by the undertaking, and are not to create any general obligation for the payment of which taxes may be levied except to pay for services provided by the undertaking to the Borrower.

(b) The System. The Borrower, pursuant to the Enabling Act and other laws of the State, has established and presently owns and operates the System.

(c) The 2017 Project. After investigation of the facts and as authorized by the Enabling Act, this Commission has determined it to be necessary and desirable and in the best interests of the Borrower to acquire and construct the 2017 Project and to finance such construction and improvement costs with proceeds of the Series 2018A Bond.

(d) Outstanding Bonds. Pursuant to the Enabling Act and the Resolution, the Borrower has previously issued, and has outstanding, the Series 2009B Bond, the Series 2012 Bonds, and the Sewer Intercap Loan. The Series 2009B Bond, the Series 2012 Bonds, and the Sewer Intercap Loan are payable from Net Revenues of the System. No other bonds or indebtedness are outstanding that are payable from or secured by revenues of the System.

(e) Additional Parity Bonds. The Borrower reserved the right under Article XV of the Original Resolution to issue Additional Bonds payable from the Debt Service Account of the Fund on a parity as to both principal and interest with the outstanding Series 2009B Bond, the Series 2012 Bonds, and the Sewer Intercap Loan if the conditions of Section 15.3 of Resolution No. 4078, adopted October 19, 2009, are satisfied. In no event shall any additional Bonds be issued and made payable from the Debt Service Account if the Borrower is then in default in any payment of principal of or interest on any outstanding Bonds payable therefrom, or if there then exists any deficiency in the balances required by the Original Resolution to be maintained in any of the accounts of the Fund, which will not be cured or restored upon the issuance of the additional Bonds. Based on a certificate executed or to be executed by the Chairman and the Finance Director, or either of them, it is hereby determined that the Borrower is authorized to incur the Loan through the issuance of the Series 2018A Bond as Additional Bonds pursuant to Section 15.3 of the Original Resolution payable from and secured by the Net Revenues on a parity with the outstanding Bonds.

From and after such time as the Series 2012 Bonds are no longer outstanding, the Department of Natural Resources and Conservation of the State of Montana (the "DNRC"), as purchaser and holder of the Series 2018B/C Bonds to be issued by the Borrower on or about February 7, 2018, under the Resolution, and the USDA-RD, as purchaser of the Series 2018A Bond have mutually agreed that when an issuer, such as the Borrower, has Bonds purchased by both the DNRC and the USDA-RD, then the test of Net Revenues for the issuance of Additional Bonds shall be reduced from 125% of the maximum principal and interest payable from the Revenue Bond Account during any future Fiscal Year (during the term of the then Outstanding Bonds) with respect to the Outstanding Bonds and the Additional Bonds proposed to be issued to 110% of the maximum principal and interest payable from the Revenue Bond

Account during any future Fiscal Year (during the term of the then Outstanding Bonds) with respect to the Outstanding Bonds and the Additional Bonds proposed to be issued. Therefore, from and after such time as the Series 2012 Bonds are no longer outstanding, all references to 125% in previous Resolutions for the debt coverage test relating to the issuance of Additional Bonds shall be modified to 110%.

Section 2.2 Representations. The Borrower represents as follows:

(a) Organization and Authority. The Borrower:

(i) is duly organized and validly existing as a municipal corporation and a political subdivision of the State;

(ii) has all requisite power and authority and all necessary licenses and permits required as of the date hereof to own, construct and operate the 2017 Project, to adopt this Supplemental Resolution and to enter into the Collateral Documents and to issue the Series 2018A Bond and to carry out and consummate all transactions contemplated by the Resolution, the Series 2018A Bond and the Collateral Documents;

(iii) is a Governmental Unit and a Public Entity; and

(iv) has taken all proper action to authorize the execution, delivery and performance of its obligations under this Supplemental Resolution, the Series 2018A Bond and the Collateral Documents and the incurrence of the Debt evidenced by the Series 2018A Bond in the maximum amount of \$5,000,000.

(b) Litigation. There is no litigation or proceeding pending, or to the knowledge of the Borrower threatened, against or affecting the Borrower in any court or before or by any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the existence, corporate or otherwise, of the Borrower, or the ability of the Borrower to make all payments and otherwise perform its obligations under this Supplemental Resolution, the Series 2018A Bond and the Collateral Documents, or the financial condition of the Borrower, or the transactions contemplated by this Supplemental Resolution, the Series 2018A Bond, and the Collateral Documents or the validity and enforceability of this Supplemental Resolution, the Series 2018A Bond and the Collateral Documents. If any such litigation should be initiated or threatened, the Borrower will forthwith notify USDA-RD, and will furnish the USDA-RD a copy of all documents, including pleadings, in connection with such litigation. No referendum petition has been filed with respect to any resolution or other action of the Borrower relating to the 2017 Project, the Series 2018A Bond, or any Collateral Documents and the period for filing any such petition will have expired before issuance of the Series 2018A Bond.

(c) Borrowing Legal and Authorized. The adoption of this Supplemental Resolution, the issuance of the Series 2018A Bond, and the execution and delivery of the Collateral Documents and the consummation of the transactions provided for in this Supplemental Resolution, the Series 2018A Bond and the Collateral Documents and compliance by the Borrower with the provisions of the Resolution, the Series 2018A Bond and the Collateral Documents:

(i) are within the powers of the Borrower and have been duly authorized by all necessary action on the part of the Borrower; and

(ii) do not and will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Borrower pursuant to any ordinance, resolution, indenture, loan agreement or other agreement or instrument (other than the Resolution and any Collateral Documents) to which the Borrower is a party or by which the Borrower or its property may be bound, nor will such action result in any violation of the provisions of any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Borrower, its properties or operations are subject.

(d) No Defaults. No event has occurred and no condition exists that, upon execution and delivery of the Series 2018A Bond and the Collateral Documents, would constitute a default under the Resolution or the Collateral Documents. The Borrower is not in violation of any term of any agreement, bond resolution, trust indenture, charter or other instrument to which it is a party or by which it or its property may be bound which violation would materially and adversely affect the transactions contemplated hereby or the compliance by the Borrower with the terms hereof or of the Series 2018A Bond and the Collateral Documents.

(e) Governmental Consent. The Borrower has obtained or made all permits, findings and approvals required to the date of adoption of this Supplemental Resolution by any governmental body or officer for the making and performance by the Borrower of its obligations under this Supplemental Resolution, the Series 2018A Bond and the Collateral Documents or for the 2017 Project, the financing or refinancing thereof or the reimbursement of the Borrower for the costs thereof. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority (other than those, if any, already obtained) is required on the part of the Borrower as a condition to adopting this Supplemental Resolution, issuing the Series 2018A Bond or entering into the Collateral Documents and the performance of the Borrower's obligations hereunder and thereunder.

(f) Binding Obligation. The Resolution, the Series 2018A Bond and any Collateral Document to which the Borrower is a party are the valid and binding special, limited obligations and agreements of the Borrower, enforceable against the Borrower in accordance with their terms, except to the extent that the enforceability thereof may be limited by laws relating to bankruptcy, moratorium, reorganization, insolvency or similar laws affecting creditors' rights and general principles of equity.

(g) The 2017 Project. The 2017 Project consists and will consist of the facilities, improvements and activities described in Appendix A, as such Appendix A may be amended from time to time in accordance with the provision of Article III of this Supplemental Resolution. The 2017 Project comprises facilities of a type that, as determined by the EPA, will facilitate compliance with the national primary sewer system regulations applicable to the 2017 Project or will otherwise significantly further the health protection objectives of the Clean Water Act.

The 2017 Project and the System each constitutes a "sewer system" within the meaning of the State Act and the Clean Water Act in that it is a sewer system, comprising collection, treatment, storage and distribution facilities for the provision to the public of sewer services, that serves not less than 15 service connections used by year-round residents of the area served by the 2017 Project or the System or regularly serves not less than 25 year-round residents.

(h) Full Disclosure. There is no fact that the Borrower has not specifically disclosed in writing to the USDA-RD that materially and adversely affects or (so far as the Borrower can



now foresee), except for pending or proposed legislation or regulations that are a matter of general public information, that will materially and adversely affect the properties, operations and finances of the 2017 Project, the Borrower’s status as a Public Entity and Governmental Unit, its ability to own and operate the 2017 Project or the Borrower’s ability to perform its obligations under the Resolution, the Series 2018A Bond and the Collateral Documents.

(i) Compliance With Law. The Borrower:

(1) is in compliance with all laws, ordinances, governmental rules and regulations and court or other governmental orders, judgments and decrees to which it is subject and which are material to the properties, operations and finances of the 2017 Project or its status as a Public Entity and Governmental Unit; and

(2) has obtained all licenses, permits, franchises or other governmental authorizations necessary to the ownership of the 2017 Project and the operation thereof and agrees to obtain all such licenses, permits, franchises or other governmental authorizations as may be required in the future for the 2017 Project and the operation thereof, which failure to obtain might materially and adversely affect the ability of the Borrower to conduct the operation of the 2017 Project as presently conducted or the condition (financial or otherwise) of the 2017 Project or the Borrower’s ability to perform its obligations under the Resolution, the Series 2018A Bond and the Collateral Documents.

(j) Outstanding Debt. The Borrower currently has the following bonds outstanding bonds payable solely from Net Revenues of the System: (i) the Series 2009B Bonds; (ii) the Series 2012 Bonds; and (iii) the Sewer Intercap Loan.

Section 2.3. Covenants.

(a) Insurance. In addition to the requirements of the Resolution, the Borrower at all times shall keep and maintain with respect to the System risk coverage with the Montana Municipal Insurance Authority (“MMIA”) or property and casualty insurance and liability insurance with financially sound and reputable insurers, or self-insurance as authorized by State law, against such risks and in such amounts, and with such deductible provisions, as are customary in the State in the case of entities of the same size and type as the Borrower and similarly situated and shall carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for all such risk coverage or insurance. The Borrower will not cause its risk coverage with MMIA or insurance policy with another provider to be terminated without giving the USDA-RD thirty (30) days prior written notice The Borrower shall give the USDA-RD prompt notice of each risk coverage policy with MMIA or insurance policy it obtains or maintains to comply with this Section 2.3(a) and of each renewal, replacement, change in coverage or deductible under or amount of or cancellation of each such risk coverage or insurance policy and the amount and coverage and deductibles and carrier of each new or replacement policy. Such notice shall specifically note any adverse change as being an adverse change. The Borrower shall deliver to the USDA-RD at Closing a certificate providing the information required by this Section 2.3(a). Nothing herein shall be construed to prohibit or preclude the Borrower from self-insuring or participating in a self-insurance program in compliance with the provisions of Montana law.

In addition, the Borrower does comply and shall comply, at all times, with the insurance requirements set forth in Section 28 and Section 39 of the Letter of Conditions as such provisions relate to general liability insurance, workers’ compensation insurance, fidelity or employee dishonesty bonds/insurance, real property insurance/risk coverage (see subparagraph (a) above with respect to the

risk coverage provided by MMIA for all Montana municipalities) and flood insurance if applicable to the site of the Series 2017 Project.

(b) Right of Inspection and Notice of Change of Location. The USDA-RD, the DEQ and the EPA and their designated agents shall have the right at all reasonable times during normal business hours and upon reasonable notice to enter into and upon the property of the Borrower for the purpose of inspecting the 2017 Project or any or all books and records of the Borrower relating to the 2017 Project.

(c) Further Assurance. The Borrower shall execute and deliver to the USDA-RD all such documents and instruments and do all such other acts and things as may be necessary or required by the USDA-RD to enable the USDA-RD to exercise and enforce its rights under this Supplemental Resolution, the Series 2018A Bond and the Collateral Documents and to realize thereon, and record and file and re-record and refile all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or required by the USDA-RD to validate, preserve and protect the position of the USDA-RD under this Supplemental Resolution, the Series 2018A Bond and the Collateral Documents.

(d) 2017 Project Accounts. The Borrower shall maintain, or cause to be maintained, accounts relating to the 2017 Project in accordance with generally accepted government accounting standards.

(e) Maintenance of Security, if Any; Recordation of Interest.

(i) The Borrower shall, at its expense, take all necessary action to maintain and preserve the lien and security interest of the Resolution and the Collateral Documents so long as any amount is owing under the Resolution or the Series 2018A Bond;

(ii) The Borrower shall forthwith, after the execution and delivery of the Series 2018A Bond and thereafter from time to time, cause the Resolution and any Collateral Documents granting a security interest in Net Revenues or real or personal property and any financing statements or other notices or documents relating thereto to be filed, registered and recorded in such manner and in such places as may be required by law in order to perfect and protect fully the lien and security interest hereof and thereof and the security interest in them granted by the Resolution and, from time to time, shall perform or cause to be performed any other act required by law, including executing or causing to be executed any and all required continuation statements and shall execute or cause to be executed any further instruments that may be requested by the USDA-RD for such perfection and protection; and

(iii) Except to the extent it is exempt therefrom, the Borrower shall pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of the documents described in subparagraph (ii), and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Series 2018A Bond and the Collateral Documents and the documents described in subparagraph (ii) above.

(f) Financial Information. This subsection (f) supplements, and is not intended to limit, the requirements in the Resolution. If requested by USDA-RD, the Borrower agrees that for each Fiscal Year it shall furnish to the USDA-RD:

- (1) the preliminary budget for the System; and
- (2) when adopted, the final budget for the System.

The Borrower shall comply with Section 38 of the Letter of Conditions and single audit requirements. The Borrower shall submit its annual report to the USDA-RD as required by Section 38 of the Letter of Conditions and the Borrower shall also comply with the requirements of the Letter of Conditions with respect to the reporting of the Short Lived Asset Account established and maintained under the provisions of this Supplemental Resolution.

(g) Records. After reasonable notice from the EPA or the USDA-RD, the Borrower shall make available, or cause to be made available, to the EPA or the USDA-RD such records as the EPA or the USDA-RD reasonably requires to review and determine compliance with the Clean Water Act as provided in Section 606(e) of the Clean Water Act.

(h) Compliance with Clean Water Act. The Borrower has complied and shall comply with all conditions and requirements of the Clean Water Act pertaining to the Loan and the 2017 Project, and shall maintain sufficient financial, managerial and technical capability to continue to effect such compliance.

(i) Compliance with DEQ Requirements. The Borrower shall comply with plan, specification and other requirements for public sewer systems established by the DEQ, as required by Section 75-5-1113 (1)(g) of the State Act.

Section 2.4. Maintenance of System; Liens. The Borrower shall maintain the System, including the 2017 Project, in good condition and make all necessary renewals, replacements, additions, betterments and improvements thereto. The Borrower shall not grant or permit to exist any lien on the 2017 Project or any other property making up part of the System, other than liens securing Debt where a parity or senior lien secures the Series 2018A Bond; provided that this Section 2.4 shall not be deemed to be violated if a mechanic’s or contractor’s lien is filed against any such property so long as the Borrower uses its best efforts to obtain the discharge of such lien and promptly reports to the USDA-RD the filing of such lien and the steps it plans to take and does take to discharge of such lien.

Section 2.5. Billing. The charges for sewer services shall be billed at least monthly, and if the bill is not paid within 30 days of the date of billing, or if the customer fails to comply with all rules and regulations established for the System within 30 days after notice of violation thereof (which notice shall be given promptly upon discovery of any such violation), the Borrower shall take all lawful measures available to collect the past due amounts, including, but without limitation, discontinuing sewer service to the premises involved until payment of all past-due bills for sewer service and compliance with all such rules and regulations, appropriate legal action, requiring reasonable payment and collection plans, and other reasonable and fiscally responsible measures.

ARTICLE III  
USE OF PROCEEDS; THE 2017 PROJECT

Section 3.1. Use of Proceeds. The Borrower shall apply the proceeds of the Loan from the USDA-RD and other funds received solely as follows:

- (a) The Borrower shall apply the proceeds of the Loan solely to providing permanent financing for the cost of the 2017 Project through the refinancing of the Series 2017 Note. The

Loan will be disbursed in accordance with Article IV hereof. If the 2017 Project has not been completed prior to Closing, the Borrower shall, as quickly as reasonably possible, complete the 2017 Project and expend the Series 2018A Bond and the other State and federal grants, along with funds of the Borrower, to pay the costs of completing the 2017 Project.

(b) No portion of the proceeds of the Loan shall be used to reimburse the Borrower and no portion of the proceeds of the Series 2017 Note were used to reimburse the Borrower (other than preliminary expenditures) incurred prior to the date which is sixty (60) days prior to the execution of the Declaration of Official Intent, by the City Commission of the Borrower on July 19, 2016.

(c) In connection with the delivery of the Series 2018A Bond, the Borrower shall provide the USDA-RD with an Opinion of Bond Counsel, satisfactory to it, to the effect that such refinancing will not adversely affect the exclusion of interest on the Series 2018A Bond from gross income for purposes of federal income taxation.

(d) Evidence by the Borrower to the USDA-RD that proceeds of the Series 2018A Bond in the amount of \$162,600 were used to finance the Reserve Requirement of \$162,600, which will be deposited in the Reserve Account. In addition, the Borrower’s Finance Director is also authorized to deposit such additional amounts into the Reserve Account as required by the USDA-RD or DNRC.

Section 3.2. The 2017 Project. Set forth in Appendix A to this Supplemental Resolution is a description of the 2017 Project, which describes the property which has been or is to be acquired, installed, constructed or improved and the other activities, if any to be funded from the Loan (the 2017 Project may consist of more than one facility or activity).

Section 3.3. 2017 Project Representations and Covenants. The Borrower hereby represents to and covenants with the USDA-RD that:

- (a) all construction of the 2017 Project has complied and will comply with all federal and state standards, including, without limitation, EPA regulations and standards;
- (b) all construction will be done in accordance with plans and specifications on file with the USDA-RD; and
- (c) all construction of the Series 2017 Project will comply with the requirements set forth in the Letter of Conditions.

ARTICLE IV  
THE LOAN

Section 4.1. The Loan; Disbursement of Loan. The USDA-RD has agreed to lend to the Borrower, an amount of \$5,000,000 for the purposes of financing or reimbursing the Borrower for the costs of the 2017 Project. The Loan shall be disbursed on the date of issuance of the Series 2018A Bond in order to refund the Series 2017 Note.

(a) In consideration of the issuance of the Series 2018A Bond by the Borrower, the USDA-RD shall make a disbursement of the initial advancement of proceeds of the Series 2018A Bond (the 2018A First Advance”) upon receipt of the following documents:

- (1) an Opinion of Bond Counsel as to the validity and enforceability of the Series 2018A Bond and the security therefor, in form and substance satisfactory to the USDA-RD;
- (2) the Series 2018A Bond, fully executed and authenticated;
- (3) a certified copy of this Supplemental Resolution;
- (4) any other security instruments or documents required by the USDA-RD as a condition to their approval of the Loan;
- (5) such other certificates, documents and other information as the USDA-RD or Bond Counsel giving the opinion referred to in subparagraph (1) may require (including any necessary arbitrage rebate instructions).

(b) The Borrower represents to the USDA-RD that the Borrower is depositing from the 2018A First Advance to the Reserve Account the Reserve Requirement for the Series 2018A Bond.

(c) All requests of the Borrower for disbursements by the USDA-RD of disbursements of the proceeds of the Series 2018A Bond shall be made in accordance with the terms of the Letter of Conditions, dated December 27, 2016 (the “Letter of Conditions”).

(d) In order to obtain a disbursement of the Series 2018A Loan from the USDA-RD of the 2017 Project, the Borrower shall submit to the USDA-RD a signed request for disbursement on the form prescribed by the USDA-RD, with all attachments required by such form. The Borrower may obtain disbursements only for costs which have been legally incurred and are due and payable. All Loan disbursements will be made to the Borrower only upon proof that cost was incurred.

(e) From and after the 2018A First Advance, the 2018A Loan shall be disbursed, subject to the other terms and conditions of this Resolution and the Letter of Conditions.

(f) The Borrower shall submit the request for the 2018A First Advance in the form required by the USDA-RD so that it is received in sufficient time for the USDA-RD to process the information by the date desired by the Borrower for the making of the 2018A First Advance.

(g) Compliance by the Borrower with its representations, covenants and agreements contained in this Resolution and the Collateral Documents shall be a further condition precedent to the disbursement of the 2018A Loans in whole or in part. The USDA-RD in its sole and absolute discretion, may make one or more disbursements, in whole or in part, notwithstanding such noncompliance, and without liability to make any subsequent disbursement of the 2018A Loan.

Section 4.2. Commencement of Loan Term. The Borrower’s obligations under this Supplemental Resolution and the Collateral Documents shall commence on the date hereof unless otherwise provided in this Supplemental Resolution. However, the obligation to make payments under Article V hereof shall commence as required under the terms of the Series 2018A Bond.

Section 4.3. Termination of Loan Term. The Borrower’s obligations under this Supplemental Resolution and the Collateral Documents shall terminate upon payment in full of all amounts due under the Series 2018A Bond and this Supplemental Resolution; provided, however, that the covenants and obligations provided in Article VII and Section 13.4 hereof shall survive repayment of the Series 2018A Bond.

ARTICLE V  
REPAYMENT OF LOAN

Section 5.1. Repayment of Loan. The Borrower shall repay the amounts lent to it pursuant to Section 4.1 hereof, plus interest on the unpaid amounts lent at the rate of 1.375% per annum, in semiannual Loan Repayments. The Borrower shall pay all Loan Repayments in lawful money of the United States of America to the USDA-RD. Interest shall be calculated on the basis of a year of 365 days.

The Loan Repayments required by this Section 5.1, shall be due as follows:

(a) commencing on March 1, 2018 and on the 1<sup>st</sup> day of each month thereafter (each a “Payment Date”), the monthly payment due by the Borrower to the USDA-RD with respect to the Series 2018A Bond shall be \$13,550 on each Payment Date.

Any payment of principal, interest under this Section 5.1 shall also be credited against the same payment obligation under the Series 2018A Bond.

Section 5.2. Additional Payments. The Borrower shall also pay, within thirty (30) days after receipt of a bill therefor, from any legally available funds therefor, including proceeds of the Loan, if the Borrower so chooses, including, but not limited to:

(1) the fees and disbursements of Bond Counsel in connection with the Loan, the Resolution, the Collateral Documents and the Series 2018A Bond and the enforcement thereof; and

(2) all taxes and other governmental charges in connection with the execution and delivery of the Collateral Documents or the Series 2018A Bond, whether or not the Series 2018A Bond is then outstanding, including all recording and filing fees relating to the Collateral Documents and the pledge of the State’s right, title and interest in and to the Series 2018A Bond, the Collateral Documents and the Resolution (and with the exceptions noted therein) and, after the Closing, all expenses, including reasonable attorneys’ fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the provisions hereof or thereof.

Section 5.3. Prepayments. The Borrower may issue Additional Bonds on a parity with the outstanding Bonds to currently refund the Series 2018A Bond or Additional Bonds provided that “advance refunding” of the Series 2018A Bond may not occur. For the purposes of meeting USDA-RD requirements, no Defeasance of the Series 2018A Bond may occur as that term is described in RUS Regulations, Part 1780, subsection 1780.94(j)(4).

If, at any time, it shall appear to USDA-RD that the Borrower is able to currently refund the amount of the Series 2018A Bond then outstanding, in whole or in part, by issuance and sale of Additional Bonds to responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the Borrower will, upon request of the USDA-RD, apply for and accept such financing in sufficient amount to repay the Series 2018A Bond.

Section 5.4. Obligations of Borrower Unconditional. The obligations of the Borrower to make the payments required by this Supplemental Resolution and the Series 2018A Bond and to perform its other agreements contained in this Supplemental Resolution, the Series 2018A Bond and Collateral Documents shall be absolute and unconditional, except as otherwise provided herein or in such documents. The Borrower (a) shall not suspend or discontinue any payments provided for in this Supplemental Resolution and the Series 2018A Bond, (b) shall perform all its other agreements in this Supplemental Resolution, the Series 2018A Bond and the Collateral Documents, and (c) shall not terminate this Supplemental Resolution, the Series 2018A Bond or the Collateral Documents for any cause, including any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2017 Project or the System, commercial frustration of purpose, any dispute with the USDA-RD or the EPA, any change in the laws of the United States or of the State or any political subdivision of either or any failure of the USDA-RD to perform any of its agreements, whether express or implied, or any duty, liability or obligation arising from or connected with this Supplemental Resolution.

Section 5.5. Limited Liability. All payments of principal of and interest on the Loan and other payment obligations of the Borrower hereunder and under the Series 2018A Bond shall be special, limited obligations of the Borrower payable solely out of Net Revenues, and shall not, except at the option of the Borrower and as permitted by law, be payable out of any other revenues of the Borrower. The obligations of the Borrower under this Resolution and the Series 2018A Bond shall never constitute an indebtedness of the Borrower within the meaning of any State constitutional provision or statutory or charter limitation and shall never constitute or give rise to a pecuniary liability of the Borrower or a charge against its general credit or taxing power. The taxing powers of the Borrower may not be used to pay principal of or interest on the Series 2018A Bond, no funds or property of the Borrower other than the Net Revenues may be required to be used to pay principal of or interest on the Series 2018A Bond.

ARTICLE VI  
OTHER AGREEMENTS OF BORROWER

Section 6.1. Maintenance of Project; Other Agreements. Upon completion of the 2017 Project, the 2017 Project will be owned and operated by the Borrower and available for use by members of the general public on a substantially equal basis. The Borrower shall comply with all agreements and requirements of the DEQ and the USDA-RD and any and all other state or federal agencies providing funds for the 2017 Project.

Section 6.2. Maintenance of Existence; Merger, Consolidation, Etc.; Disposition of Assets. The Borrower shall maintain its corporate existence, except that it may consolidate with or merge into another Governmental Unit or permit one or more Governmental Units to consolidate with or merge into it or may transfer all or substantially all of its assets to another Governmental Unit and then dissolve if the surviving, resulting or transferee entity (if other than the Borrower) (i) is a Public Entity and (ii) assumes in writing all of the obligations of the Borrower under this Supplemental Resolution, the Series 2018A Bond and the Collateral Documents, and (a) such action does not result in any default in the performance or observance of any of the terms, covenants or agreements of the Borrower under this Supplemental Resolution, the Series 2018A Bond and the Collateral Documents, (b) such action does not violate the Act or the Clean Water Act and does not adversely affect the exclusion of interest on the Series 2018A Bond or the Series 2018A Bond from gross income for federal income tax purposes, and (c) the Borrower delivers to the USDA-RD on the date of such action an Opinion of Bond Counsel that such action complies with this Section 6.2.

Other than pursuant to the preceding paragraph, the Borrower shall not transfer the 2017 Project or any portion thereof to any Person, except for property which is obsolete, outmoded, worn out, is being

replaced or otherwise is not needed for the operation of the 2017 Project, unless the provisions of (a) and (b) of the preceding paragraph are satisfied and the Borrower delivers to the USDA-RD an Opinion of Bond Counsel to that effect and, in addition, the USDA-RD consents to such transfer.

Section 6.3. Covenants Relating to the Tax-Exempt Status of the Series 2018A Bond.

(a) The Borrower covenants and agrees that it will not use or permit to be used any of the proceeds of the Series 2018A Bond or any other funds of the Borrower, directly or indirectly, in a manner that would cause, or take any other action that would cause, any State Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code or would otherwise cause the interest on the Series 2018A Bond to be included in gross income for purposes of federal income taxation.

(b) The Borrower agrees that it will not enter into, or allow any “related person” (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Series 2018A Bond or any other obligations of the USDA-RD in an amount related to the amount of the Loan or the portion of the Loan derived directly or indirectly from proceeds of the Series 2018A Bond.

(c) The Borrower shall not use or permit the use of the 2017 Project directly or indirectly in any trade or business carried on by any Person who is not a Governmental Unit. For the purpose of this subparagraph, use as a member of the general public shall not be taken into account and any activity carried on by a Person other than a natural person shall be treated as a trade or business.

(d) Any portion of the 2017 Project being refinanced or the cost of which is being reimbursed was acquired by and is now and shall, during the term of the Loan, be owned by the Borrower and not by any other Person. Any portion of the 2017 Project being financed shall be acquired by and shall, during the term of the Loan, be owned by the Borrower and not by any other Person. Notwithstanding the previous two sentences, the Borrower may transfer the 2017 Project or a portion thereof to another Governmental Unit which is also a Public Entity if such transfer is otherwise permitted hereunder and if such organization agrees with the USDA-RD to comply with Sections 2.2(e), 2.2(f) and this Section 6.3 and if the USDA-RD receives an Opinion of Bond Counsel to the effect that such transfer will not violate the Act or the Clean Water Act or adversely affect the exclusion of interest on the Series 2018A Bond from gross income for purposes of federal income taxation. In addition, except as otherwise provided herein or in any Collateral Documents, the Borrower may sell or otherwise dispose of any portion of the 2017 Project which has become obsolete or outmoded or is being replaced or for other reasons is not needed by the Borrower or beneficial to the general public or necessary to carry out the purposes of the Clean Water Act.

(e) [Reserved].

(f) The Borrower agrees that during the Loan Term it will not contract with or permit any Private Person to manage the 2017 Project or any portion thereof except according to a written management contract and upon delivery to the USDA-RD of an opinion of Bond Counsel to the effect that the execution and delivery of such management contract will not violate the Act or the Clean Water Act or adversely affect the exclusion of interest on the Series 2018A Bond from gross income for purposes of federal income taxation.

(g) The Borrower may not lease the 2017 Project or any portion thereof to any Person other than a Nonexempt Person which agrees in writing with the Borrower and the State not to cause any Default to occur under this Supplemental Resolution, provided the Borrower may lease all or any portion of the 2017 Project to a Nonexempt Person pursuant to a lease which in the Opinion of Bond Counsel



delivered to the USDA-RD will not cause the interest on the Series 2018A Bond to be included in gross income for purposes of federal income taxation.

(h) The Borrower shall not change the use or nature of the 2017 Project if (i) such change will violate the Clean Water Act, or (ii) so long as the Series 2018A Bond is outstanding unless, in the Opinion of Bond Counsel delivered to the USDA-RD, such change will not result in the inclusion in gross income of interest on the Series 2018A Bond for federal income tax purposes.

Section 6.4. Compliance with Resolution. The Borrower will hold the Fund as a trust fund, separate and apart from all of its other funds, and the Borrower, its officers and agents, will comply with all covenants and agreements contained in the Resolution.

Section 6.5. Construction of 2017 Project. The Borrower will do all acts and things necessary to enforce the provisions of the construction contracts and bonds and to ensure the completion of the 2017 Project for the benefit of the Borrower in accordance with the plans and specifications and within the time therein provided, and will pay all costs thereof promptly as incurred and allowed, out of the Fund and within the amount of the proceeds of the Series 2018A Bond appropriated thereto.

#### ARTICLE VII [RESERVED]

#### ARTICLE VIII ASSIGNMENT

Section 8.1. Assignment by Borrower. The Borrower may not assign its rights and obligations under this Supplemental Resolution or the Series 2018A Bond, except as provided in Section 6.2.

Section 8.2. Assignment by USDA-RD. The USDA-RD may pledge its rights under and interest in the Resolution, the Series 2018A Bond and the Collateral Documents as security for the payment of the Series 2018A Bond.

Section 8.3. Refunding Bonds. In the event the Series 2018A Bond and Additional Bonds are refunded by bonds which are not Additional Bonds, all references in this Supplemental Resolution to Series 2018A Bond and Additional Bonds shall be deemed to refer to the refunding bonds and any bonds of the Borrower on a parity with such refunding bonds (together, the “Refunding Bonds”) or, in the case of a crossover refunding, to the Series 2018A Bond and Additional Bonds and the Refunding Bonds. In the event the Series 2018A Bond is refunded by an issue of Additional Bonds, all references in this Supplemental Resolution to the Series 2018A Bond shall be deemed to refer to such Additional Bonds or, in the case of a crossover refunding, both the Series 2018A Bond and such Additional Bonds.

#### ARTICLE IX THE SERIES 2018A BOND

Section 9.1. Authorization. Under the provisions of the Enabling Act, the Borrower is authorized to issue and sell its revenue bonds payable during a term not exceeding forty years from their date of issue, to provide funds for the construction, improvement, betterment and extension of the 2017 Project or to refund its revenue bonds issued for such purpose; provided that the bonds and the interest thereon are to be payable solely out of the net income and revenues to be derived from rates, fees and charges for the

services, facilities and commodities furnished by the undertaking or from special assessments levied in respect of improvements thereto, and are not to create any obligation for the payment of which taxes may be levied except to pay for services provided by the undertaking to the Borrower.

Section 9.2. Issuance and Sale of the Series 2018A Bond. The Borrower has investigated the facts necessary and hereby finds, determines and declares it to be necessary and desirable for the Borrower to issue the Series 2018A Bond to evidence the Loan. The Series 2018A Bond is issued to the USDA-RD without public sale pursuant to Section 7-7-4433(2) of the Act.

Section 9.3. Terms. The Series 2018A Bond shall be in the maximum principal amount equal to the original amount of the Loan, shall be issued as a single, fully registered bond numbered R-1, shall be dated as of the date of delivery to the USDA-RD, and shall bear interest at the rate charged by the USDA-RD on the Loan. The principal of and interest on the Series 2018A Bond shall be payable on the same dates and in the same amounts as principal and interest of the Loan Repayments are payable.

Section 9.4. Negotiability, Transfer and Registration. The Series 2018A Bond shall be fully registered as to both principal and interest, and shall be initially registered in the name of and payable to the USDA-RD. While so registered, principal of and interest on the Series 2018A Bond shall be payable to the United States of America at the USDA-RD at 2229 Boot Hill Court, in Bozeman, Montana 59715, or such other place as may be designated by the USDA-RD in writing and delivered to the Borrower. The Series 2018A Bond shall be negotiable, subject to the provisions for registration and transfer contained in this Section. No transfer of the Series 2018A Bond shall be valid unless and until (1) the holder, or his duly authorized attorney or legal representative, has executed the form of assignment appearing on the Series 2018A Bond, and (2) the City Clerk (or successors, the "Registrar"), as Bond Registrar, has duly noted the transfer on the Series 2018A Bond and recorded the transfer on the registration books of the Registrar. The Registrar may, prior to noting and recording the transfer, require appropriate proof of the transferor's authority and the genuineness of the transferor's signature. The Borrower shall be entitled to deem and treat the Person in whose name the Series 2018A Bond is registered as the absolute owner of the Series 2018A Bond for all purposes, notwithstanding any notice to the contrary, and all payments to the registered holder shall be valid and effectual to satisfy and discharge the Borrower's liability upon such Bond to the extent of the sum or sums so paid.

Section 9.5. Execution and Delivery. The Series 2018A Bond shall be executed on behalf of the Borrower by the manual signatures of the Chairman, City Commission, City Manager and Finance Director. Any or all of such signatures may be affixed at or prior to the date of delivery of the Series 2018A Bond. In the event that any of the officers who shall have signed the Series 2018A Bond shall cease to be officers of the Borrower before the Series 2018A Bond is issued or delivered, their signatures shall remain binding upon the Borrower. Conversely, the Series 2018A Bond may be signed by an authorized official who did not hold such office on the date of adoption of this Supplemental Resolution. The Series 2018A Bond shall be delivered to the USDA-RD, or its attorney or legal representative.

Section 9.6. Form. The Series 2018A Bond shall be prepared in substantially the form attached to this Supplemental Resolution as Appendix B.

Section 9.7. Net Revenues Available. The Borrower is authorized to charge just and equitable rates, charges and rentals for all services directly or indirectly furnished by the System, and to pledge and appropriate to the Outstanding Bonds and the Series 2018A Bond, the Net Revenues to be derived from the operation of the System, including improvements, betterments or extensions thereof hereafter constructed or acquired. The Net Revenues to be produced by such rates, charges and rentals during the term of the Series 2018A Bond will be more than sufficient to pay the principal and interest when due on

the Series 2018A Bond, and to create and maintain reasonable reserves therefor and to provide an adequate allowance for replacement and depreciation, as herein prescribed.

ARTICLE X  
SECURITY FOR THE SERIES 2018A BOND

The Series 2018A Bond is issued as an Additional Bond under the Resolution and shall, with the Series 2009B Bonds, Series 2012 Bonds, the Sewer Intercap Loan and any other Additional Bonds (including the Series 2018C Bond) issued under the provisions of the Resolution, be equally and ratably secured by the provisions of the Resolution and payable out of the Net Revenues appropriated to the Debt Service Account of the Sewer System Fund, without preference or priority, all as provided in the Resolution, and equally and ratably secured by the Reserve therein, as further provided in the Resolution. The amount in the Reserve Account on the date of issuance of the Series 2018A Bond shall be equal the Reserve Requirement in respect of the Series 2009B Bonds, Series 2012 Bonds, and the Sewer Intercap Loan. The Borrower shall keep, perform and observe each and every one of its covenants and undertakings set forth in the Resolution for the benefit of the registered owners from time to time of the Series 2018A Bond.

ARTICLE XI  
THE SEWER SYSTEM FUND

Section 11.1. Fund. There was established pursuant to the Original Resolution the “Sewer System Fund,” which shall be maintained on the books and records of the Borrower separate and apart from all other funds of the Borrower. Within the Fund there shall be maintained three separate accounts, designated as the “Construction Account,” the “Debt Service Account,” and the “Short-Lived Asset Reserve Account”.

Section 11.2. Construction Account. Upon the delivery of the Series 2018A Bond, the proceeds of the Series 2018A Bond less amounts deposited in the Reserve Account to satisfy the Reserve Requirement, shall be credited to the Construction Account and be applied to the current refunding of the Series 2017 Note, the proceeds of which were used to fund the payment of costs of the 2017 Project, and costs of issuance of the Series 2018A Bond. Any earnings on investment of money in the Construction Account shall be retained therein. All costs and expenses of constructing the 2017 Project or any part thereof, including costs of issuance of the Series 2018A Bond and any of the bonds and other incidental costs of the 2017 Project, including accrued interest, if any, on the Series 2018A Bond, shall be paid from time to time as incurred and allowed from the Construction Account in accordance with the provisions of this Supplemental Resolution, and money in the Construction Account shall be used for no other purpose; provided that upon completion of the 2017 Project and after all claims and expenses with respect to the 2017 Project have been fully paid and satisfied, any money remaining in the Construction Account shall be transferred to the Revenue Bond Account or to the debt service account securing repayment of the Series 2018A Bonds.

Section 11.3. Debt Service Account. The Borrower hereby irrevocably appropriates to the Debt Service Account, to the extent required to pay principal of or interest on the Series 2018A Bond: (a) proceeds of the Series 2018A Bond to be applied to pay interest on the Series 2018A Bond or otherwise not applied to pay costs of the 2017 Project, (b) the investment income on funds held in the Debt Service Account; and (c) such other money as shall be appropriated to the Debt Service Account from time to time.

Section 11.4. Reserve Account. Upon delivery of the Series 2018A Bond, the proceeds of the Series 2018A Bond in the amount of the Reserve Requirement for the Series 2018A Bond shall be deposited in the Reserve Account. Funds on deposit in the Reserve Account shall be used to pay any deficiency in the Debt Service Account on any Interest Payment Date or Principal Payment Date. Any earnings on investment of money in the Reserve Account shall be retained therein.

Section 11.5. Short-Lived Asset Reserve Account. The Borrower hereby irrevocably promises to establish a Short-Lived Asset Reserve Account. In accordance with the Letter of Conditions, the Borrower will deposit at least \$96,658 annually in the Short-Lived Asset Reserve Account for the life of the Loan to pay for capital repairs and/or replacement of the major System assets comprising the Series 2017 Project. The Borrower shall periodically review (at least every 3 years) the amount that it is depositing in the Short-Lived Asset Reserve Account and adjust the amount necessary to be deposited therein. In making such adjustments, the Borrower shall adjust upward the annual deposit amount for the Short-Lived Asset Reserve Account by an amount that is at least equal to the amount of inflation (utilizing any common inflation indicator (such as the CPI) as the Borrower shall reasonably determine). Amounts on deposit in the Short-Lived Asset Reserve Account are not available to pay debt service on the Series 2018A Bond and shall be used solely for the cost of the capital maintenance of the Series 2017 Project. Any earnings on investment of money in the Short-Lived Asset Reserve Account shall be retained therein. If the USDA-RD notifies the Borrower in writing that the Borrower is not required to maintain the Short-Lived Asset Reserve Account, then the Borrower may close such account if it determines to be in the best interest of the Borrower.

Section 11.6. Deposit and Investment of Funds. The finance officer of the Borrower shall cause all money appropriated to the Fund to be deposited as received with one or more depository banks duly qualified in accordance with the provisions of Montana Code Annotated, Section 7-6-201, in a deposit account or accounts. The balance in such accounts, except such portion thereof as shall be guaranteed by federal deposit insurance, shall at all times be secured to its full amount by bonds or securities of the types set forth in said Section 7-6-201. Any of such moneys not necessary for immediate use may be deposited with such depository banks in savings or time deposits. No money shall at any time be withdrawn from such deposit accounts except for the purposes of the Fund as defined and authorized in this Supplemental Resolution; except that money from time to time on hand in the Fund may at any time, in the discretion of the governing body of the Borrower, be invested in securities which are direct, general obligations of, or obligations the prompt payment of the principal of and the interest on which is fully and unconditionally guaranteed by, the United States of America, bank repurchase agreements with respect to such obligations, certificates of deposits of national banks having a combined capital and surplus of at least \$1,000,000 or in the Montana short-term investment program administered by the Board of Investments, which investments mature and bear 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 in said accounts 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.

## ARTICLE XII TAX MATTERS

Section 12.1. Use of 2017 Project. The 2017 Project will be owned and operated by the Borrower and available for use by members of the general public on a substantially equal basis. The Borrower shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the 2017 Project or the System or security for the payment of the Series 2018A Bond

which might cause the Series 2018A Bond to be considered a “private activity bond” or “private loan bond” within the meaning of Section 141 of the Code

Section 12.2. General Covenant. The Borrower covenants and agrees with the owners from time to time of the Series 2018A Bond that it will not take or permit to be taken by the Borrower or any of their officers, employees or agents any action which would cause the interest on the Series 2018A Bond to become includable in gross income for federal income tax purposes under the Code and the Regulations, and covenants to take any and all actions within its powers to ensure that the interest on the Series 2018A Bond will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

Section 12.3. Arbitrage Certification. The Chairman, City Commission, City Manager and Finance Director, being among the officers of the Borrower charged with the responsibility for issuing the Series 2018A Bond pursuant to this Supplemental Resolution, are authorized and directed to execute and deliver to the USDA-RD a certificate in accordance with the provisions of Section 148 of the Code, and Section 1.148-2(b) of the Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Series 2018A Bond, it is reasonably expected that the proceeds of the Series 2018A Bond will be used in a manner that would not cause the Series 2018A Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code and the Regulations.

Section 12.4. Rebate. The Borrower hereby covenants and agrees to make the determination, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 148(f) of the Code.

Section 12.5. Information Reporting. The Borrower shall file with the Secretary of the Treasury, not later than May 15, 2018, a statement concerning the Series 2018A Bond containing the information required by Section 149(e) of the Code.

Section 12.6. Not “Qualified Tax-Exempt Obligation”. The Series 2018A Bond, together with other obligations to be issued by the Borrower in 2018, are anticipated to exceed in amount those which may be qualified as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, and hence are not designated for such purpose.

ARTICLE XIII  
MISCELLANEOUS

Section 13.1. Notices. All notices or other communications hereunder shall be sufficiently sent or given and shall be deemed sent or given when delivered or mailed by certified mail, postage prepaid, to the parties at the following addresses:

USDA-RD: United States Department of Agriculture  
2229 Boot Hill Court  
Bozeman, MT 59715-7914

Borrower: City of Livingston  
Dorel Hoglund, Chair  
414 East Callender Street  
Livingston, Montana 59047

Any of the above parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices or other communications shall be sent.

Section 13.2. Binding Effect. This Supplemental Resolution shall inure to the benefit of and shall be binding upon the USDA-RD, the Borrower and their respective successors and assigns.

Section 13.3. Severability. If any provision of this Supplemental Resolution shall be determined to be unenforceable at any time, it shall not affect any other provision of the Resolution or the enforceability of that provision at any other time.

Section 13.4. Amendments. This Supplemental Resolution may not be effectively amended without the written consent of the USDA-RD.

Section 13.5. Applicable Law. This Supplemental Resolution shall be governed by and construed in accordance with the internal laws of the State.

Section 13.6. Captions; References to Sections. The captions in this Supplemental Resolution are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Supplemental Resolution. References to Articles and Sections are to the Articles and Sections of this Supplemental Resolution, unless the context otherwise requires.

Section 13.7. No Liability of Individual Officers, Directors or Employees. No recourse under or upon any obligation, covenant or agreement contained in this Supplemental Resolution shall be had against any director, officer or employee, as such, past, present or future, of the USDA-RD, either directly or through the USDA-RD, or against any officer, or member of the governing body or employee of the Borrower, past, present or future, as an individual so long as such individual was acting in good faith. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officer or member of the governing body or employee of the USDA-RD or the Borrower is hereby expressly waived and released by the Borrower and by the USDA-RD as a condition of and in consideration for the adoption of this Supplemental Resolution and the making of the Loan.

Section 13.8. Payments Due on Holidays. If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Supplemental Resolution or the Series 2018A Bond, shall not be a Business Day, such payments may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Supplemental Resolution or the Series 2018A Bond.

Section 13.9. Right of Others To Perform Borrower's Covenants. In the event the Borrower shall fail to make any payment or perform any act required to be performed hereunder, then and in each such case the USDA-RD or the provider of any Collateral Document may (but shall not be obligated to) remedy such default for the account of the Borrower and make advances for that purpose. No such performance or advance shall operate to release the Borrower from any such default and any sums so advanced by the USDA-RD or the provider of any Collateral Document shall be paid immediately to the party making such advance and shall bear interest at the rate of interest on the Series 2018A Bond per annum from the date of the advance until repaid. The USDA-RD and the provider of any Collateral Document shall have the right to enter the 2017 Project or the facility or facilities of which the 2017 Project is a part or any other facility which is a part of the System in order to effectuate the purposes of this Section.

Section 13.10. Authentication of Transcript. The officers of the Borrower are hereby authorized and directed to furnish to the USDA-RD and to Bond Counsel certified copies of all proceedings relating to the issuance of the Series 2018A Bond and such other certificates and affidavits as may be required to show the right, power and authority of the Borrower to issue the Series 2018A Bond, and all statements contained in and shown by such instruments, including any heretofore furnished, shall constitute representations of the Borrower as to the truth of the statements of fact purported to be shown thereby.

Section 13.11. Effective Date. This Supplemental Resolution shall take effect immediately. Passed and adopted this 16th day of January, 2018.

CITY OF LIVINGSTON, MONTANA

---

Dorel Hoglund, Chairman

ATTEST:

---

City Clerk

## APPENDIX A

### Description of the 2017 Project

The Water Reclamation Facility Upgrade Wastewater project includes the following: (i) improvements to the headworks and the influent pumping station; (ii) construction of a new sequencing batch reactor secondary treatment to replace the existing rotating biological contactors; (iii) modify the existing chlorine contact basin to house a new UV disinfection system; (iv) make improvements to solids handling by repurposing the existing secondary clarifier to WAS storage; (v) install a rotary drum for solids thickening; (vi) add a composing vessel; (vii) install pumping polymer feed equipment; (viii) modify the anaerobic digesters to aerobic digesters; (ix) extend the City water supply to the WRF to replace the well currently used for non-potable processes; (x) upgrade the WRF's controls and its electrical and emergency power generator capacity and (xi) any and all related improvement thereto.



**APPENDIX B**

**[Form of the Series 2018A Bond]**

UNITED STATES OF AMERICA  
STATE OF MONTANA  
COUNTY OF PARK

CITY OF LIVINGSTON

SEWER IMPROVEMENT REVENUE BOND  
(USDA-RD LOAN PROGRAM)  
SERIES 2018A

No. R-1

\$5,000,000

<u>Maturity</u>	<u>Date of Original Issue</u>	<u>Interest Rate</u>
February 1, 2058	February 1, 2018	1.375%

REGISTERED OWNER: UNITED STATES OF AMERICA

PRINCIPAL AMOUNT: FIVE MILLION AND NO/100 DOLLARS

FOR VALUE RECEIVED, THE CITY OF LIVINGSTON, MONTANA (the “Borrower”), a political subdivision of the State of Montana, acknowledges itself to be indebted and hereby promises to pay to the United States of America, acting through the United States Department of Agriculture – Rural Development (“USDA-RD”), or its registered assigns, but solely out of the Debt Service Account (the “Debt Service Account”) in its Sewer System Fund (the “Fund”), the principal sum equal to the amount listed above with interest from the date of issuance at the rate of one and three-eighths percent (1.375%) per annum on the unpaid balance until paid. The Loan Repayments, except as set forth in (1) below, during the interest only period, shall be due on the 1st day of each month, commencing March 1, 2018 (each a “Payment Date”) in the amount of \$13,550. Past-due payments of principal and interest shall bear interest at the rate of this Series 2018A Bond until paid. Interest shall be calculated on the basis of a 365-day year. All payments under this Series 2018A Bond shall be made to the registered holder of this Series 2018A Bond, at its address as it appears on the Bond register, in lawful money of the United States of America. All capitalized terms used in this Series 2018A Bond and not defined herein shall have the meanings granted to them in the Resolution (as defined below).

This is a single Sewer Improvement Revenue Bond (USDA-RD Loan Program), Series 2018A (the “Series 2018A Bond”), in the aggregate principal amount not to exceed \$5,000,000, issued pursuant to the Resolution, in order to current refund the Borrower’s \$5,000,000 Sewer Improvement Revenue Bond Anticipation Note (DNRC Water Pollution Control State Revolving Loan Program), Series 2017 (the “Series 2017 Note”). The proceeds of the Series 2018A Note, along with certain federal and state grants and Borrower funds and a loan from the DNRC (as defined in the Resolution), are being used by the Borrower to (i) current refund the Series 2017 Note, (ii) finance the costs of sewer infrastructure and improvements to the Borrower’s sewer infrastructure, including the replacement and modernization of the Borrower’s wastewater treatment plant (the “2017 Project”), (iii) fund a deposit to the Reserve Account in the amount of the Reserve Requirement for the Series 2018A Bond, and (iv) pay costs of issuance of the Series 2018A Bond. The Series 2018A Bond is issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated,

Title 7, Chapter 13, Parts 44 and 45, as amended, and ordinances and resolutions duly adopted by the governing body of the Borrower, including Resolution No. 3590, adopted by the City Commission on December 6, 2004, as amended and supplemented by Resolution Nos. 3754, 4078, 4085, 4104, 4289, 4711, and 4759, adopted by the City Commission on June 19, 2006, October 19, 2009, November 16, 2009, April 5, 2010, April 17, 2012, December 6, 2016, and October 3, 2017, respectively (collectively, the “Resolution”). The Series 2018A Bond is issuable only as a single, fully registered bond. The Series 2018A Bond is issued on a parity and is equally and ratably secured by the Net Revenues with the Outstanding Bonds and any future Additional Bonds issued in conformity with the provisions of the Resolution. The Holder of this Series 2018A Bond shall not have to surrender this Series 2018A Bond to receive payment.

Reference is made to the Resolution for a more complete statement of (i) the terms and conditions upon which this Series 2018A Bond has been issued, (ii) the Net Revenues pledged and appropriated for the payment and security of this Series 2018A Bond, (iii) the conditions upon which Additional Bonds may be issued under the Resolution and made payable from such Net Revenues on a parity with the Outstanding Bonds, and any other bonds issued on a parity therewith under the terms and conditions of the Resolution (collectively, the “Bonds”) or otherwise, (iv) the conditions upon which the Resolution may be amended, (v) the rights, duties and obligations of the Borrower, and (vi) the rights of the owner of the Series 2018A Bond.

The Borrower may issue Additional Bonds on a parity with this Series 2018A Bond to currently refund this Series 2018A Bond or Additional Bonds provided that “advance refunding” of the Series 2018A Bond may not occur. For the purposes of meeting USDA-RD requirements, no Defeasance of the Series 2018A Bond may occur as that term is described in RUS Regulations, Part 1780, subsection 1780.94(j)(4).

If, at any time, it shall appear to USDA-RD that the Borrower is able to currently refund the amount of the Series 2018A Bond then outstanding, in whole or in part, by issuance and sale of Additional Bonds to responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the Borrower will, upon request of the USDA-RD, apply for and accept such financing in sufficient amount to repay the Series 2018A Bond.

This Series 2018A Bond, including interest and any premium for the redemption hereof, is payable solely from the Net Revenues pledged for the payment hereof and does not constitute a debt of the Borrower within the meaning of any constitutional, statutory or charter limitation or provision. This Series 2018A Bond is not a general obligation of the Borrower and is not payable from any property taxes levied by the Borrower.

The Borrower has not designated this Series 2018A Bond as a “qualified tax-exempt obligation” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

The Borrower and the Registrar may deem and treat the person in whose name this Series 2018A Bond is registered as the absolute owner hereof, whether this Series 2018A Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the Borrower nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Borrower has (i) duly authorized and will forthwith undertake the 2017 Project, (ii) fixed and established and will collect reasonable rates and charges for the services and facilities afforded by the System, including all additions thereto and replacements and improvements thereof, and (iii) created a special Sewer System Fund into which the gross revenues of the System will be paid, and a separate and special Debt Service

Account in the Sewer System Fund, into which will be paid each month, Net Revenues then on hand, an amount equal to not less than the sum of one-sixth of the interest due on the next Payment Date and one-sixth of the principal due on the next Payment Date with respect to all Outstanding Bonds payable from the Debt Service Account, and the Reserve Account into which shall be paid additional Net Revenues sufficient to establish and maintain the Reserve Requirement therein with respect to all Outstanding Bonds in the current or any future Fiscal Year (giving effect to any mandatory sinking fund redemption). The Debt Service Account will be used only to pay the principal of, premium, if any, and interest on the Bonds issued pursuant to the authority herein recited. The rates and charges for the System will from time to time be made and kept sufficient to provide Net Revenues in each Fiscal Year at least equal to 110% of the maximum amount of principal and interest payable on Bonds from the Debt Service Account in any subsequent Fiscal Year. Additional Bonds and Refunding Bonds may be issued and made payable from the Debt Service Account on a parity with the Outstanding Bonds and any Additional Bonds, upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues, unless the lien thereof is expressly made subordinate and junior by the Borrower to the lien of the Outstanding Bonds and other Additional Bonds on such Net Revenues. All provisions for the security of this Series 2018A Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated by the Borrower and all acts, conditions and things required by the Constitution and laws of the State of Montana and the home rule charter and the ordinances and resolutions of the Borrower to be done, to exist, to happen and to be performed in order to make this Series 2018A Bond a valid and binding special, limited obligation of the Borrower according to its terms have been done, do exist, have happened and have been performed as so required; and that this Series 2018A Bond and the premium, if any, and interest hereon are payable solely from the Net Revenues pledged and appropriated to the Debt Service Account. This Series 2018A Bond does not constitute a debt of the Borrower within the meaning of any constitutional, statutory or charter limitation or provision and the issuance of this Series 2018A Bond does not cause either the general or the special indebtedness of the Borrower to exceed any constitutional, statutory or charter limitation. This Series 2018A Bond is not a general obligation of the Borrower and the taxing power of the Borrower is not pledged to the payment of this Series 2018A Bond.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the City of Livingston, Park County, State of Montana, by its Chairman, City Commission, City Manager and Finance Director has caused this Series 2018A Bond to be executed, and has caused this Series 2018A Bond to be dated as of this 1st day of February, 2018.

**CITY OF LIVINGSTON, MONTANA**

\_\_\_\_\_  
(Facsimile)

Chairman

\_\_\_\_\_  
(Facsimile)

Interim City Manager

\_\_\_\_\_  
(Facsimile)

Interim Finance Director

REGISTRATION AND TRANSFER

This Series 2018A Bond shall be fully registered as to both principal and interest. No transfer of this Series 2018A Bond shall be valid unless and until (1) the registered holder of the Series 2018A Bond, or his duly authorized attorney or legal representative, executes the form of assignment appearing on this Series 2018A Bond, and (2) the Finance Director of the City of Livingston, Montana, acting as bond registrar (the "Registrar"), has duly noted the transfer on the Series 2018A Bond and recorded the transfer on the Registrar's registration books. The Borrower and the Registrar shall be entitled to deem and treat the person in whose name this Series 2018A Bond is registered as absolute owner thereof for all purposes, notwithstanding any notice to the contrary. Payments on account of the Series 2018A Bond shall be made only to the order of the registered holder thereof, and all such payments shall be valid and effectual to satisfy and discharge the Borrower's liability upon the Series 2018A Bond to the extent of the sum or sums so paid.

REGISTER

The ownership of the unpaid principal balance of this Series 2018A Bond and the interest accruing thereon is registered on the books of the City of Livingston, Montana in the name of the registered holder appearing on the first page hereof or as last noted below:

Date of Registration	Name and Address of Registered Holder	Signature of Bond Registrar
February 1, 2018	United States of America, USDA Department of Agriculture Office of the Deputy Chief Financial Officer 4300 Goodfellow Blvd. St. Louis, Missouri 63120	

THE FOLLOWING ENTRIES ARE TO BE MADE ONLY BY THE BOND REGISTRAR UPON REGISTRATION OF EACH TRANSFER

The Finance Director of the City of Livingston, Montana, acting as Bond Registrar, has transferred, on the books of the Borrower, on the date last noted below, ownership of the principal amount of and the accrued interest on this Series 2018A Bond to the new registered holder noted next to such date, except for amounts of principal and interest theretofore paid.

Date of Transfer	Name and Address of Registered Holder	Name of New Signature of Bond Registrar

## FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_ the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatsoever.

**Backup material for agenda item:**

- B. RESOLUTION NO. 4775 - A RESOLUTION RELATING TO \$6,900,000 SEWER IMPROVEMENT REVENUE BONDS (DNRC WATER POLLUTION CONTROL STATE REVOLVING LOAN PROGRAM), CONSISTING OF \$400,000 SUBORDINATE LIEN TAXABLE SERIES 2018B BOND AND \$6,500,000 SERIES 2018C BOND; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF.



Livingston City Commission  
**LEGISLATIVE ACTION SUMMARY**  
Resolution 4775, 16 Jan 2018

**Requested by:** Paige Fetterhoff, Finance Director

**Date of First Consideration/Status:** First Consideration/Approve SRF Funding Loans B & C for the WRF Upgrades

**Purpose of Legislation:** Approve construction and permanent funding from the State Revolving loan fund for construction of the wastewater treatment facility. Loans B and C are \$400,000 and \$6,500,000 respectively.

**Statutory Authority/Reference:** Issuance of Revenue Bonds (MCA 7-7-4421)

**Background:** The City Commission has been presented with several funding scenarios for the completion of the WRF. The design of the facility began in 2015 and has continued since that time with various presentations to the commission related to the project.

**Staff Recommendation:** The City Manager recommends approving the SRF financing.

**Fiscal Impact:** SRF Loan B in the amount of \$400,000 will be forgiven by the DNRC and will have no financial impact to the city. SRF Loan C will require semiannual payments until such time the loan is paid in full or matures. The highest year of debt service will be \$309,937.50 in FY 2034.

**Regulatory Impact (local):** N/A

**Attachments:** Supplemental bond resolution



**CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE**

I, the undersigned, being the duly qualified and acting recording officer of the City of Livingston, Montana (the "City"), hereby certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION RELATING TO \$6,900,000 SEWER IMPROVEMENT REVENUE BONDS (DNRC WATER POLLUTION CONTROL STATE REVOLVING LOAN PROGRAM), CONSISTING OF \$400,000 SUBORDINATE LIEN TAXABLE SERIES 2018B BOND AND \$6,500,000 SERIES 2018C BOND; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Commission of the City at a regular meeting on January 16, 2018 and that the meeting was duly held by the City Commission and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following City Commission members voted in favor thereof:

voted against the same:

abstained from voting thereon:

or were absent:

WITNESS my hand and seal officially this \_\_\_\_ day of January, 2018.

(SEAL)

---

City Clerk

SUPPLEMENTAL RESOLUTION

Relating to

\$6,900,000

SEWER IMPROVEMENT REVENUE BONDS  
(DNRC WATER POLLUTION CONTROL STATE REVOLVING LOAN PROGRAM)  
CONSISTING OF  
\$400,000 SUBORDINATE LIEN TAXABLE SERIES 2018B BOND AND  
\$6,500,000 SERIES 2018C BOND

CITY OF LIVINGSTON, MONTANA

Adopted: January 16, 2018

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(For convenience only, not a part of this Supplemental Resolution)

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**RESOLUTION NO. 4775**

**RESOLUTION RELATING TO \$6,900,000 SEWER IMPROVEMENT REVENUE BONDS (DNRC WATER POLLUTION CONTROL STATE REVOLVING LOAN PROGRAM), CONSISTING OF \$400,000 SUBORDINATE LIEN TAXABLE SERIES 2018B BOND AND \$6,500,000 SERIES 2018C BOND; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF**

**RECITALS:**

WHEREAS, pursuant to the Montana Water Pollution Control State Revolving Fund Act, Montana Code Annotated, Title 75, Chapter 5, Part 11, as amended (the “State Act”), the State of Montana (the “State”) has established a revolving loan program (the “Program”) to be administered by the Department of Natural Resources and Conservation of the State of Montana, an agency of the State (the “DNRC”), and by the Department of Environmental Quality of the State of Montana, an agency of the State (the “DEQ”), and has provided that a water pollution control state revolving fund (the “Revolving Fund”) be created within the State treasury and all federal, state and other funds for use in the Program be deposited into the Revolving Fund, including, but not limited to, all federal grants for capitalization of a state water pollution control revolving fund under the Federal Water Pollution Control Act (the “Clean Water Act”), all repayments of assistance awarded from the Revolving Fund, interest on investments made on money in the Revolving Fund and payments of principal of and interest on loans made from the Revolving Fund; and

WHEREAS, the Act provides that funds from the Program shall be disbursed and administered for the purposes set forth in the Clean Water Act and according to rules adopted by the DEQ and the DNRC; and

WHEREAS, the current EPA Capitalization Grant (as hereinafter defined) requires that loans under the Program funded in whole or in part by such grant in the aggregate and not on a loan-by-loan basis be structured in such a way that a percentage of the total proceeds of such grant be subject to loan forgiveness; and

WHEREAS, the City of Livingston, Montana (the “Borrower”), has applied to the DNRC for the 2018B/C Loans (as hereinafter defined) from the Revolving Fund to enable the Borrower to finance, refinance or reimburse itself for a portion of the costs of the 2017 Project (as hereinafter defined) which will carry out the purposes of the Clean Water Act and to pay costs of issuance of the Series 2018B/C Bonds (as hereinafter defined); and

WHEREAS, the DNRC offered to make loans in the total principal amount of \$6,900,000 available to the Borrower, with one loan in the amount of \$400,000 contemplated to be forgiven in the event the Borrower satisfies certain conditions; and

WHEREAS, the Borrower contemplates at this time issuing bonds in two series, one a Series 2018B Bond in the maximum principal amount of \$400,000 (the “Series 2018B Bond”), and the other a Series 2018C Bond in the maximum principal amount of \$6,500,000 (the “Series 2018C Bond”) with an additional revenue bond being issued in the future to complete funding of the Series 2017 Project (as hereinafter defined); and

WHEREAS, provided that the Borrower complies with certain conditions for principal forgiveness, the Borrower’s obligation to repay the Series 2018B Bond will be forgiven; and

WHEREAS, the Borrower is authorized under applicable laws, ordinances and regulations to adopt this Supplemental Resolution and to issue the Series 2018B/C Bonds to evidence the 2018B/C Loans (as hereinafter defined) for the purposes set forth herein; and

WHEREAS, the Borrower has previously issued its Sewer Improvement Revenue Bond (USDA-RD Loan Program), Series 2018A (the "Series 2018A Bond") in the aggregate principal amount not to exceed \$5,000,000 in order to current refund the Borrower's outstanding \$5,000,000 Sewer Improvement Revenue Bond Anticipation Note (DNRC Water Pollution Control State Revolving Loan Program), Series 2017 (the "Series 2017 Note") which was issued by the Borrower to fund a portion of the cost of the construction of the Series 2017 Project; and

WHEREAS, the DNRC will fund: (i) the 2018B Loan (as hereinafter defined) entirely from proceeds of the EPA Capitalization Grant, and (ii) the 2018C Loan (as hereinafter defined) with proceeds of Recycled Money (as hereinafter defined).

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE BORROWER, AS FOLLOWS:

**ARTICLE I**

**DEFINITIONS, RULES OF CONSTRUCTION AND APPENDICES**

Section 1.1. Definitions. In this Supplemental Resolution, unless a different meaning clearly appears from the context, the following terms shall have the following meanings:

"Accountant" or "Accountants" means an independent certified public accountant or a firm of independent certified public accountants satisfactory to the DNRC.

"Act" means (i) with respect to the Borrower, the Enabling Act, and (ii) with respect to the DNRC, the State Act, as amended from time to time.

"Additional Bonds" means any Bonds in addition to the Outstanding Bonds issued pursuant to Article XV of the Original Resolution.

"Administrative Expense Surcharge" means (i) in respect of the 2018C Loan, in any event, and (ii) in respect of the 2018B Loan, upon the delivery of a Noncompliance Statement as provided by this Supplemental Resolution, a surcharge equal to twenty-five hundredths of one percent (0.25%) per annum on the outstanding principal amount of the 2018B/C Loans from the date of each advance thereof, payable by the Borrower on a Payment Date.

"Authorized DNRC Officer" means the Director or Deputy Director of the DNRC, and, when used with reference to an act or document, also means any other individual authorized by resolution of the DNRC to perform such act or sign such document. If authorized by the DNRC, an Authorized DNRC Officer may delegate all or a portion of his authority as an Authorized DNRC Officer to another individual, and such individual shall be deemed an Authorized DNRC Officer for purposes of exercising such authority.

"Bond Counsel" means any Counsel nationally recognized as experienced in matters relating to the issuance by states or political subdivisions of tax-exempt obligations selected by the Borrower and acceptable to the DNRC.

“Bonds” means the Series 2009B Bonds, the Series 2012 Bonds, the Sewer Intercap Loan, the Series 2018A Bond, the Series 2018B Bond, the Series 2018C Bond, and any Additional Bonds to be issued on a parity therewith pursuant to the Original Resolution.

“Borrower” or “City” means the City of Livingston, Montana, or any permitted successor or assign.

“Business Day” means any day which is not a Saturday or Sunday, a legal holiday in the State or a day on which banks in the State are authorized or required by law to close.

“Clean Water Act” means the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251-1387, as amended and all regulations, rules and interpretations issued by the EPA thereunder, as may be amended.

“Closing” means the date of delivery of the Series 2018B/C Bonds to the DNRC.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collateral Documents” means any security agreement, guaranty or other document or agreement delivered to the DNRC securing the obligations of the Borrower under this Supplemental Resolution and the Series 2018B/C Bonds. If no Collateral Documents secure such obligations, any reference to Collateral Documents in this Supplemental Resolution shall be without effect.

“Commission” means the City Commission of the Borrower.

“Committed Amount” means the aggregate amount of the 2018B/C Loans committed to be lent by the DNRC to the Borrower pursuant to Section 4.1, as such amount may be reduced pursuant to Sections 3.2 and 3.4.

“Compliance Certificate and Request” means the certificate and request substantially in the form of the attached Appendix D delivered by the DNRC to the Borrower following the final advance of principal of the 2018B Loan, to be completed, executed and delivered by the Borrower to the DNRC pursuant to Section 5.1.2.

“Construction Account” means the account created in the Sewer System Fund pursuant to Section 11.2 of the Original Resolution.

“Consultant” means a nationally recognized consultant or firm of consultants, or an independent engineer or firm of independent engineers, or an Accountant, which in any case is qualified and has skill and experience in the preparation of financial feasibility studies or projections for facilities similar to the System or the 2017 Project, selected by the Borrower and satisfactory to the DNRC.

“Counsel” means an attorney duly admitted to practice law before the highest court of any state and satisfactory to the DNRC.

“Debt” means, without duplication, in respect of the System, (1) indebtedness of the Borrower for borrowed money or for the deferred purchase price of property or services; (2) the obligation of the Borrower as lessee under leases which should be recorded as capital leases under generally accepted accounting principles; and (3) obligations of the Borrower under direct or indirect guarantees in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a

creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clause (1) or (2) above.

“Debt Service Account” means the account created in the Fund pursuant to Section 11.4 of the Original Resolution.

“DEQ” means the Department of Environmental Quality of the State of Montana, an agency of the State, or any successor to its powers, duties and obligations under the Act or the EPA Agreements.

“Determination Statement” means a Forgiveness Statement or a Noncompliance Statement.

“DNRC” means the Department of Natural Resources and Conservation of the State of Montana, an agency of the State, and any successor to its powers, duties and obligations under the State Act.

“Enabling Act” means Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, and Section 7-7-109, as amended from time to time, which authorizes the Borrower to own and operate the System, to undertake the 2017 Project and to issue the Series 2018B/C Bonds to finance costs of the 2017 Project.

“EPA” means the Environmental Protection Agency, an agency of the United States of America, and any successor to its functions under the Clean Water Act.

“EPA Agreements” means all capitalization grant agreements and other written agreements between the DEQ, the DNRC and the EPA concerning the Program.

“EPA Capitalization Grant” means a grant of funds to the State by the EPA under Title VI of the Clean Water Act and any grant made available by the EPA for deposit in the Revolving Fund pursuant to Section 205(m) of the Clean Water Act.

“Forgiveness Statement” means a written statement delivered to the Borrower by the DNRC in response to a Compliance Certificate and Request that the Borrower’s obligation to repay the principal of the Series 2018B Bond is forgiven.

“Fund” means the Sewer System Fund established pursuant to Section 11.1 of the Original Resolution.

“Government Obligations” means direct obligations of, or obligations the principal of and the interest on which are fully and unconditionally guaranteed as to payment by, the United States of America.

“Governmental Unit” means governmental unit as such term is used in Section 145(a) of the Code.

“Indenture” means the Indenture of Trust, dated as of May 1, 1998, between the Board of Examiners of the State and the Trustee, as such may be supplemented or amended from time to time in accordance with the provisions thereof, pursuant to which, among other things, the Series 2018B/C Bonds are to be or have been issued.

“Loan Loss Reserve Surcharge” means, (i) in respect of the 2018C Loan, in any event, and (ii) in respect of the 2018B Loan, upon the delivery of a Noncompliance Statement as provided by this Supplemental Resolution, a surcharge equal to twenty-five hundredths of one percent (0.25%) per annum



on the outstanding principal amount of the 2018B/C Loans from the date of each advance thereof, payable by the Borrower on a Payment Date.

“Loan Term” means that period of time commencing and ending as set in Sections 4.2 and 4.3.

“Net Revenues” means the same as defined in the Original Resolution.

“Noncompliance Statement” means a written statement delivered to the Borrower by the DNRC that the Borrower’s obligation to repay the principal of the Series 2018B Bond is not forgiven.

“Operating Account” means the account created in the Sewer System Fund pursuant to Section 11.3 of the Original Resolution.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Original Resolution” means Resolution No. 3590, adopted by this Commission on December 6, 2004, as amended and supplemented by Resolution Nos 3754, 4078, 4085, 4104, 4289, 4711, 4759, and 4775, adopted by this Commission on June 19, 2006, October 19, 2009, November 16, 2009, April 5, 2010, April 17, 2012, December 6, 2016, October 3, 2017, and January 16, 2018, respectively.

“Parity Bonds” means the Borrower’s outstanding Bonds; provided, however, that the Series 2018B Bond is junior and subordinate to the Borrower’s other outstanding Bonds.

“Payment Date” means, with respect the 2018C Loan, each January 1 and July 1 during the term of the Series 2018C Bond on which a payment of interest or principal and interest is due, as determined under this Supplemental Resolution and, if a Noncompliance Statement is delivered with respect to the 2018B Loan, each January 1 and July 1 during the term of the Series 2018B Bond on which a payment of interest or principal and interest is due, as determined under this Supplemental Resolution.

“Person” means any Private Person or Public Entity.

“Private Person” means an individual, corporation, partnership, association, joint venture, joint stock company or unincorporated organization, except a Public Entity.

“Program” means the Water Pollution Control State Revolving Fund Program established by the Act.

“Project” means an improvement, betterment, reconstruction or extension of the System, including the 2017 Project.

“Public Entity” means a municipality, city, town, county, irrigation district, county water and sewer district, a soil conservation district, political or administrative subdivision of State government or other public body established by State law or an Indian tribe that has a federally recognized governing body carrying out substantial governmental duties and powers over any area.

“Recycled Money” means payments and prepayments of principal of loans made under the Program, and any other amounts transferred to the Principal Subaccount in the Revenue Subaccount in the State Allocation Account (as such terms are defined in the Indenture).

“Registrar” means, with respect to the Series 2018B/C Bonds, the Clerk of the Commission or any successor appointed pursuant to this Supplemental Resolution, and, with respect to any other series of

Bonds, the Person or Persons designated by or pursuant to this Supplemental Resolution or a Supplemental Resolution to receive and disburse the principal of, premium, if any, and interest on the Bonds on behalf of the Borrower and to hold and maintain the Bond Register.

“Regulations” means the Treasury Department, Income Tax Regulations, as amended or any successor regulation thereto, promulgated under the Code or otherwise applicable to the Series 2018B/C Bonds.

“Repair and Replacement Account” means the Account created in the Fund pursuant to Section 11.6 of the Original Resolution.

“Reserve Account” means the account created in the Fund pursuant to Section 11.5 of the Original Resolution.

“Reserve Requirement” means, as of the date of calculation, (a) an amount equal to the lesser of (i) the maximum amount of principal and interest payable on each such issue of Parity Bonds, (ii) ten percent (10%) of the original principal amount of such issue of Parity Bonds, or (iii) 125% of average annual debt service payable on such issue of Parity Bonds; or (b) such other amount as set forth in a Supplemental Resolution, provided such amount may not be less than the amount set forth in part (a).

“Revolving Fund” shall have the meaning set forth in the recitals hereof.

“Series 2012 Bonds” means the Borrower’s \$1,825,000 Sewer System Revenue Refunding Bonds, Series 2012.

“Series 2018A Bond” means the Borrower’s \$5,000,000 Sewer Improvement Revenue Bond (USDA-RD Loan Program), Series 2018A issued to the United States Department of Agriculture – Rural Development.

“Series 2018B Bond” means the Borrower’s \$400,000 Subordinate Lien Sewer Improvement Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Taxable Series 2018B, issued to the DNRC to evidence the 2018B Loan.

“Series 2018B/C Bonds” means, collectively, the Series 2018B Bond and the Series 2018C Bond.

“Series 2018C Bond” means the Borrower’s \$6,500,000 Sewer Improvement Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2018C, issued to the DNRC to evidence the 2018C Loan.

“Series 2009B Bonds” means the Borrower’s \$359,300 Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2009B.

“Sewer Intercap Loan” means the loan through the Montana Board of Investments Intercap Program which is on a parity with any Outstanding Parity Bonds.

“State” means the State of Montana.

“State Act” means Montana Code Annotated, Title 75, Chapter 5, Part 11, as amended from time to time.

“State Bonds” means the State’s General Obligation Bonds (Water Pollution Control State Revolving Fund Program), issued or to be issued pursuant to the Indenture.

“Subordinate Obligations” mean the Series 2018B Bond and any other subordinate obligations issued under the Original Resolution.

“Supplemental Resolution” means this Supplemental Resolution of the Borrower, adopted on January 16, 2018, as it may from time to time be amended or supplemented in accordance with its terms.

“Surplus Account” means the account created in the Fund pursuant to Section 11.7 of the Original Resolution.

“Surplus Net Revenues” means that portion of the Net Revenues in excess of the current requirements of the Operating Account, the Debt Service Account and the Reserve Account.

“System” means the existing sewer system of the Borrower and all extensions, improvements and betterments thereof hereafter constructed and acquired, including the 2017 Project.

“Trustee” means U.S. Bank National Association, in Seattle, Washington or any successor trustee under the Indenture.

“2017 Project” means the designing, engineering and construction of the facilities, improvements and activities the cost of which is being financed by or reimbursed to the Borrower in part with proceeds of the 2018B/C Loans, described in Appendix A hereto.

“2018B Committed Amount” means the amount of the 2018B Loan committed to be lent by the DNRC to the Borrower pursuant to Section 4.1, as such amount may be reduced pursuant to Section 3.2 and Section 3.4.

“2018B Loan” means the loan made to the Borrower by the DNRC pursuant to the Program in the maximum amount of the 2018B Committed Amount to provide funds to pay costs of the 2017 Project payable under the Program.

“2018B/C Loans” or “Loan” means, collectively, the 2018B Loan and the 2018C Loan made to the Borrower by the DNRC pursuant to the Program in the maximum amount of the Committed Amount to provide funds to pay costs of the 2017 Project and to pay costs of issuance of the Series 2018B/C Bonds.

“2018C Committed Amount” means the amount of the 2018C Loan committed to be lent by the DNRC to the Borrower pursuant to Section 4.1, as such amount may be reduced pursuant to Section 3.2 and Section 3.4.

“2018B First Advance” means the first advance of funds of the 2018B Loan by the DNRC to the Borrower in an amount of at least \$400,000.

“2018C First Advance” means the first advance of funds of the 2018C Loan by the DNRC to the Borrower in an amount of at least \$50,000.

“2018C Loan” means the loan made to the Borrower by the DNRC pursuant to the Program in the maximum amount of the 2018C Committed Amount to provide funds to pay costs of the 2017 Project payable under the Program and to pay costs of issuance of the Series 2018B/C Bonds.

“Undisbursed Committed Amount” means any undisbursed Committed Amount which is not required to pay costs of the 2017 Project as provided in Section 3.4.

Section 1.2. Other Rules of Construction. For all purposes of this Supplemental Resolution, except where the context clearly indicates otherwise:

- (a) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted government accounting standards.
- (b) Terms in the singular include the plural and vice versa.
- (c) All references to time shall refer to Livingston, Montana time, unless otherwise provided herein.
- (d) All references to mail shall refer to first-class mail postage prepaid.
- (e) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.
- (f) “Or” is not exclusive, but is intended to permit or encompass one, more or all of the alternatives conjoined.

Section 1.3. Appendices. Attached to this Supplemental Resolution and hereby made a part hereof are the following Appendices:

- Appendix A: a description of and estimated budget for the 2017 Project;
- Appendix B-1: the form of the Series 2018B Bond;
- Appendix B-2: the form of the Series 2018C Bond;
- Appendix C: additional agreements and representations of the Borrower; and
- Appendix D: Compliance Certificate and Request.

**ARTICLE II**

**AUTHORIZATION, FINDINGS, REPRESENTATIONS AND COVENANTS**

Section 2.1. Authorization and Findings.

(a) Authorization. Under the provisions of the Enabling Act, the Borrower is authorized to issue and sell its revenue bonds payable during a term not exceeding forty years from their date of issue, to provide funds for the reconstruction, improvement, betterment and extension of the System or to refund its revenue bonds issued for such purpose; provided that the bonds and the interest thereon are to be payable solely out of the net income and revenues to be derived from rates, fees and charges for the services, facilities and commodities furnished by the undertaking, and are not to create any general obligation for the payment of which taxes may be levied except to pay for services provided by the undertaking to the City.

(b) The System. The Borrower, pursuant to the Enabling Act and other laws of the State, has established and presently owns and operates the System.

(c) The 2017 Project. After investigation of the facts and as authorized by the Enabling Act, this Commission has determined it to be necessary and desirable and in the best interests of the Borrower to acquire and construct the 2017 Project.

(d) Outstanding Bonds. Pursuant to the Enabling Act and the Resolution, the Borrower has previously issued, and has outstanding, the Series 2009B Bonds, the Series 2012 Bonds, the Sewer Intercap Loan, and the Series 2018A Bond. The Series 2009B Bonds, the Series 2012 Bonds, the Sewer Intercap Loan, the Series 2018A Bond, and the Series 2018B/C Bonds are payable from Net Revenues of the System. No other bonds or indebtedness are outstanding that are payable from or secured by revenues of the System.

(e) Additional Parity Bonds. The Borrower reserved the right under Article XV of the Original Resolution to issue Additional Bonds payable from the Debt Service Account of the Fund on a parity as to both principal and interest with the outstanding Series 2009B Bonds, the Series 2012 Bonds, the Sewer Intercap Loan, and the Series 2018A Bond, if the conditions of Section 15.3 of Resolution No. 4078, adopted on October 16, 2009, are satisfied. In no event shall any additional Bonds be issued and made payable from the Debt Service Account if the Borrower is then in default in any payment of principal or of interest on any outstanding Bonds payable therefrom, or if there then exists any deficiency in the balances required by the Original Resolution to be maintained in any of the accounts of the Fund, which will not be cured or restored upon the issuance of the additional Bonds. Based on a certificate executed or to be executed by the Chairman and the Finance Director, or either of them, it is hereby determined that the Borrower is authorized to issue \$6,900,000 in aggregate principal amount of additional Bonds pursuant to Section 15.3 of the Original Resolution payable from and secured by the Net Revenues on a parity with the outstanding Series 2009B Bonds, the Series 2012 Bonds, the Sewer Intercap Loan, and the Series 2018A Bond.

From and after such time as the Series 2012 Bonds are no longer outstanding, the provisions of this Section 2.1(e) hereby amend Resolution Nos. 3754 and 4078 and all subsequent Resolutions such that the provisions of this Section 2.1(e) apply to the issuance of Additional Bonds going forward for the Borrower and the required debt service coverage ratio is reduced from 125% to 110% of the maximum amount of principal and interest payable from said Debt Service Account in any subsequent fiscal year during the term of the outstanding Bonds, on all Bonds then outstanding and on the additional Bonds proposed to be issued. For the purpose of the foregoing computation, the net revenues for the fiscal year preceding the issuance of additional Bonds shall be those shown by the financial reports caused to be prepared by the City pursuant to Section 2.2(f) of the Original Resolution, except that if the rates and charges for services provided by the System have been changed since the beginning of such preceding fiscal year, then the rates and charges in effect at the time of issuance of the additional Bonds or finally authorized to go into effect within 60 days thereafter shall be applied to the quantities of service actually rendered and made available during such preceding fiscal year to ascertain the gross revenues, from which there shall be deducted to determine the net revenues, the actual operation and maintenance costs plus any additional annual costs of operation and maintenance which the Consultant estimates will be incurred because the improvement or extension of the System to be constructed from the proceeds of the additional Bonds proposed to be issued.

For purposes of the foregoing certificate, principal of and interest on the 2018B Loan are disregarded. The Borrower acknowledges and agrees that if it fails to deliver timely an acceptable Compliance Certificate and Request as provided in Section 5.1 of this Supplemental Resolution as

determined in the sole and complete discretion of the DNRC or if a Noncompliance Certificate is delivered, then principal and interest and surcharges will become due and owing on the Series 2018B Bond as provided in Section 5.1 of this Supplemental Resolution, and the Borrower shall thereupon, and in any event no later than three (3) months after delivery of a Noncompliance Statement, to the extent required by the Original Resolution adjust its schedule of fees, rates, and charges applicable to the System to cause Net Revenues and Surplus Net Revenues to be produced in an amount at least equal to that required by the Resolution.

Section 2.2. Representations. The Borrower represents as follows:

(a) Organization and Authority. The Borrower:

(i) is duly organized and validly existing as a municipal corporation and political subdivision of the State;

(ii) has all requisite power and authority and all necessary licenses and permits required as of the date hereof to own, construct and operate the 2017 Project, to adopt this Supplemental Resolution and to enter into the Collateral Documents and to issue the Series 2018B/C Bonds and to carry out and consummate all transactions contemplated by this Supplemental Resolution, the Series 2018B/C Bonds and the Collateral Documents;

(iii) is a Governmental Unit and a Public Entity; and

(iv) has taken all proper action to authorize the execution, delivery and performance of its obligations under this Supplemental Resolution, the Series 2018B/C Bonds and the Collateral Documents and the incurrence of the Debt evidenced by the Series 2018B/C Bonds in the maximum amount of the Committed Amount.

(b) Pending Litigation. There is no litigation or proceeding pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower in any court or before or by any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the existence, corporate or otherwise, of the Borrower, or the ability of the Borrower to make all payments and otherwise perform its obligations under this Supplemental Resolution, the Series 2018B/C Bonds and the Collateral Documents, or the financial condition of the Borrower, or the transactions contemplated by this Supplemental Resolution, the Series 2018B/C Bonds and the Collateral Documents or the validity and enforceability of this Supplemental Resolution, the Series 2018B/C Bonds and the Collateral Documents. If any such litigation should be initiated or threatened, the Borrower will forthwith notify in writing the DNRC, and will furnish the DNRC a copy of all documents, including pleadings, in connection with such litigation. No referendum petition has been filed with respect to any resolution or other action of the Borrower relating to the 2017 Project, the Series 2018B/C Bonds or any Collateral Documents.

(c) Borrowing Legal and Authorized. The adoption of this Supplemental Resolution, the execution and delivery of the Series 2018B/C Bonds and the Collateral Documents and the consummation of the transactions provided for in this Supplemental Resolution, the Series 2018B/C Bonds and the Collateral Documents and compliance by the Borrower with the provisions of this Supplemental Resolution, the Series 2018B/C Bonds and the Collateral Documents, to the knowledge of the Borrower:

(i) are within the powers of the Borrower and have been duly authorized by all necessary action on the part of the Borrower; and

(ii) do not and will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Borrower pursuant to any ordinance, resolution, indenture, loan agreement or other agreement or instrument (other than this Supplemental Resolution and any Collateral Documents) to which the Borrower is a party or by which the Borrower or its property may be bound, nor will such action result in any violation of the provisions of any charter or similar document, if applicable, any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Borrower, its properties or operations are subject.

(d) No Defaults. To the knowledge of the Borrower, no event has occurred and no condition exists that, upon execution and delivery of the Series 2018B/C Bonds and the Collateral Documents, would constitute a default under this Supplemental Resolution or the Collateral Documents. To the knowledge of the Borrower, the Borrower is not in material violation of any term of any agreement, bond resolution, trust indenture, charter or other instrument to which it is a party or by which it or its property may be bound which violation would materially and adversely affect the transactions contemplated hereby or the compliance by the Borrower with the terms hereof or of the Series 2018B/C Bonds and the Collateral Documents.

(e) Governmental Consent. To the knowledge of the Borrower, the Borrower has obtained or made all permits, findings and approvals required to the date of adoption of this Supplemental Resolution by any governmental body or officer for the making and performance by the Borrower of its obligations under this Supplemental Resolution, the Series 2018B/C Bonds and the Collateral Documents (including any necessary rate increase) or for the 2017 Project, the financing or refinancing thereof or the reimbursement of the Borrower for costs thereof. To the knowledge of the Borrower, no consent, approval or authorization of, or filing, registration or qualification with, any governmental authority (other than those, if any, already obtained) is required on the part of the Borrower as a condition to adopting this Supplemental Resolution, issuing the Series 2018B/C Bonds or entering into the Collateral Documents and the performance of the Borrower's obligations hereunder and thereunder. If a utility board or commission manages or controls the System, such board or commission has agreed with the DNRC to abide by the terms of this Supplemental Resolution and the Collateral Documents, including approving any necessary rate increases.

(f) Binding Obligation. This Supplemental Resolution, the Series 2018B/C Bonds and any Collateral Documents to which the Borrower is a party are the valid and binding special, limited obligations and agreements of the Borrower, enforceable against the Borrower in accordance with their terms except to the extent that the enforceability thereof may be limited by laws relating to bankruptcy, moratorium, reorganization, insolvency or similar laws affecting creditors' rights and general principles of equity.

(g) The 2017 Project. The 2017 Project consists and will consist of the facilities, improvements and activities described in Appendix A, as such Appendix A may be amended from time to time in accordance with Article III of this Supplemental Resolution. The 2017 Project comprises facilities of a type that, as determined by the EPA, will facilitate compliance with the national primary sewer system regulations applicable to the 2017 Project or will otherwise significantly further the health protection objectives of the Clean Water Act.

(h) The System. The System is a "sewer system" within the meaning of the State Act and the Clean Water Act in that it is a sewer system, comprising collection, treatment, storage and distribution facilities for the provision to the public of sewer services, that serves not less than 15 service connections

used by year-round residents of the area served by the System or regularly serves not less than 25 year-round residents.

(i) Full Disclosure. There is no fact that the Borrower has not specifically disclosed in writing to the DNRC that materially and adversely affects or (so far as the Borrower can now foresee), except for pending or proposed legislation or regulations that are a matter of general public information, that will materially and adversely affect the properties, operations and finances of the 2017 Project, the Borrower's status as a Public Entity and Governmental Unit, its ability to own and operate the 2017 Project or the Borrower's ability to perform its obligations under this Supplemental Resolution, the Series 2018B/C Bonds and the Collateral Documents and to pledge any revenues or other property pledged to the payment of the Series 2018B/C Bonds.

(j) Compliance With Law. To the knowledge of the Borrower, it:

(i) is in compliance with all laws, ordinances, governmental rules and regulations and court or other governmental orders, judgments and decrees to which it is subject and which are material to the properties, operations and finances of the System or its status as a Public Entity and Governmental Unit; and

(ii) has obtained all licenses, permits, franchises or other governmental authorizations necessary to the ownership of the 2017 Project and the operation thereof and agrees to obtain all such licenses, permits, franchises or other governmental authorizations as may be required in the future for the 2017 Project and the operation thereof, which failure to obtain might materially and adversely affect the ability of the Borrower to conduct the operation of the 2017 Project as presently conducted or the condition (financial or otherwise) of the 2017 Project or the Borrower's ability to perform its obligations under this Supplemental Resolution, the Series 2018B/C Bonds and the Collateral Documents.

(k) Outstanding Debt. The Borrower currently has the following outstanding bonds payable solely from Net Revenues of the System: (i) the Series 2009B Bonds; (ii) the Series 2012 Bonds; (iii) the Sewer Intercap Loan; and (iv) the Series 2018A Bond.

### Section 2.3. Covenants.

(a) Insurance. In addition to the requirements of the Original Resolution, the Borrower at all times shall keep and maintain with respect to the System property and casualty insurance and liability insurance with financially sound and reputable insurers, or self- insurance as authorized by State law, against such risks and in such amounts, and with such deductible provisions, as are customary in the State in the case of entities of the same size and type as the Borrower and similarly situated and shall carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for all such insurance. All such insurance policies shall name the DNRC as an additional insured to the extent permitted under the policy or program of insurance or risk coverage of the Borrower. Each policy must provide that it cannot be cancelled by the insurer without giving the Borrower and the DNRC 30 days' prior written notice. The Borrower shall give the DNRC prompt notice of each insurance policy it obtains or maintains to comply with this section and of each renewal, replacement, change in coverage or deductible under or amount of or cancellation of each such insurance policy and the amount and coverage and deductibles and carrier of each new or replacement policy. Such notice shall specifically note any adverse change as being an adverse change. The Borrower shall deliver to the DNRC at Closing a certificate providing the information required by this section. To the extent that the Borrower has risk coverage from the Montana Municipal Interlocal Authority ("MMIA") and includes the System on the



Borrower's schedule of property to be coverage by MMIA, then such risk coverage shall be deemed to be acceptable insurance for the DNRC.

(b) Right of Inspection and Notice of Change of Location. The DNRC, the DEQ and the EPA and their designated agents shall have the right at all reasonable times during normal business hours and upon reasonable notice to enter into and upon the property of the Borrower for the purpose of inspecting the System or any or all books and records of the Borrower relating to the System.

(c) Further Assurance. The Borrower shall execute and deliver to the DNRC all such documents and instruments and do all such other acts and things as may be necessary or required by the DNRC to enable the DNRC to exercise and enforce its rights under this Supplemental Resolution, the Series 2018B/C Bonds and the Collateral Documents and to realize thereon, and record and file and re-record and refile all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or required by the DNRC to validate, preserve and protect the position of the DNRC under this Supplemental Resolution, the Series 2018B/C Bonds and the Collateral Documents.

(d) Maintenance of Security; Recordation of Interest.

(i) The Borrower shall, at its expense, take all necessary action to maintain and preserve the lien and security interest of this Supplemental Resolution and the Collateral Documents so long as any amount is owing under this Supplemental Resolution or the Series 2018B/C Bonds;

(ii) The Borrower shall forthwith, after the execution and delivery of the Series 2018B/C Bonds and thereafter from time to time, cause this Supplemental Resolution and any Collateral Documents granting a security interest in revenues or real or personal property and any financing statements or other notices or documents relating thereto to be filed, registered and recorded in such manner and in such places as may be required by law in order to perfect and protect fully the lien and security interest hereof and thereof and the security interest in them granted by this Supplemental Resolution and, from time to time, shall perform or cause to be performed any other act required by law, including executing or causing to be executed any and all required continuation statements and shall execute or cause to be executed any further instruments that may be requested by the DNRC for such perfection and protection; and

(iii) Except to the extent it is exempt therefrom, the Borrower shall pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of the documents described in subparagraph (ii), and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Series 2018B/C Bonds and the Collateral Documents and the documents described in subparagraph (ii).

(e) Additional Agreements. The Borrower covenants to comply with all representations, covenants, conditions and agreements, if any, set forth in Appendix C hereto.

(f) Financial Information. This Section 2.3(f) supplements, and is not intended to limit, the requirements in the Original Resolution. The Borrower agrees that for each fiscal year it shall furnish to the DNRC and the DEQ, promptly when:

(i) the preliminary budget for the System, with items for the 2017 Project shown separately; and

(ii) when adopted, the final budget for the System, with items for the 2017 Project shown separately.

(g) Project Accounts. The Borrower shall maintain the 2017 Project accounts in accordance with generally accepted government accounting standards, and as separate accounts, as required by Section 602(b)(9) of the Clean Water Act.

(h) Records. After reasonable notice from the EPA or the DNRC, the Borrower shall make available to the EPA or the DNRC such records as the EPA or the DNRC reasonably requires to review and determine compliance with the Clean Water Act, as provided in Section 606(e) of the Clean Water Act.

(i) Compliance with Clean Water Act. The Borrower has complied and shall comply with all conditions and requirements of the Clean Water Act pertaining to the 2018B/C Loans and the 2017 Project and shall maintain sufficient financial, managerial and technical capability to continue to effect such compliance.

(j) Compliance with DEQ Requirements. The Borrower shall comply with plan, specification and other requirements for public sewer systems established by the DEQ, as required by Section 75-5-1113(l)(g) of the State Act.

#### Section 2.4. Covenants Relating to the Tax-Exempt Status of the State Bonds.

(a) The Borrower covenants and agrees that it will not use or permit to be used any of the proceeds of the Series 2018C Bonds or any other funds of the Borrower in respect of the 2017 Project or the Series 2018C Bonds, directly or indirectly, in a manner that would cause, or take any other action that would cause, any State Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code or would otherwise cause the interest on the State Bonds to be included in gross income for purposes of federal income taxation.

(b) The Borrower agrees that it will not enter into, or allow any “related person” (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the State Bonds or any other obligations of the DNRC in an amount related to the amount of the 2018C Loan or the portion of the 2018C Loan derived directly or indirectly from proceeds of the State Bonds or that would otherwise cause any State Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code.

(c) The Borrower shall not use or permit the use of the 2017 Project directly or indirectly in any trade or business carried on by any Person who is not a Governmental Unit. For the purpose of this subparagraph, use as a member of the general public (within the meaning of the Regulations) shall not be taken into account and any activity carried on by a Person other than a natural person shall be treated as a trade or business.

(d) Any portion of the 2017 Project being refinanced or the cost of which is being reimbursed was acquired by and is now and shall, during the term of the 2018C Loan, be owned by the Borrower and not by any other Person. Any portion of the 2017 Project being financed shall be acquired by and shall, during the term of the 2018C Loan, be owned by the Borrower and not by any other Person. Notwithstanding the previous two sentences, the Borrower may transfer the 2017 Project or a portion

thereof to another Governmental Unit which is also a Public Entity if such transfer is otherwise permitted under the Original Resolution and if such organization agrees with the DNRC to comply with Section 2.3(h), Section 2.3(i) and Section 2.4 of this Supplemental Resolution and if the DNRC receives an Opinion of Bond Counsel that such transfer will not violate the State Act or the Clean Water Act or adversely affect the exclusion of interest on the State Bonds from gross income or purposes of federal income taxation. In addition, except as otherwise provided in the Original Resolution or in any Collateral Documents, the Borrower may sell or otherwise dispose of any portion of the 2017 Project which has become obsolete or outmoded or is being replaced or for other reasons is not needed by the Borrower or beneficial to the general public or necessary to carry out the purposes of the Clean Water Act.

(e) At the Closing of the 2018C Loan, the DNRC will, if necessary to obtain the Opinion of Bond Counsel described in Section 7.05(a) of the Indenture, deliver to the Borrower instructions concerning compliance by the Borrower with the arbitrage rebate requirements of Section 148 of the Code (the "Arbitrage Rebate Instructions"). The Borrower shall comply with the Arbitrage Rebate Instructions, if any, delivered to it by the DNRC at Closing, as such Instructions may be amended or replaced by the DNRC from time to time. The Arbitrage Rebate Instructions may be amended or replaced by new Arbitrage Rebate Instructions delivered by the DNRC and accompanied by an Opinion of Bond Counsel to the effect that the use of said amended or new Arbitrage Rebate Instructions will not adversely affect the excludability of interest on the State Bonds or any Additional State Bonds (except State Bonds the interest on which the State did not intend to be excluded from gross income for federal income tax purposes) from gross income of the recipients thereof for federal income tax purposes.

(f) The Borrower agrees that during the term of the 2018B/C Loans it will not contract with or permit any Private Person to manage the 2017 Project or any portion thereof except according to a written management contract and upon delivery to the DNRC of an Opinion of Bond Counsel to the effect that the execution and delivery of such management contract will not violate the State Act or the Clean Water Act or adversely affect the exclusion of interest on State Bonds from gross income for purposes of federal income taxation.

(g) The Borrower may not lease the 2017 Project or any portion thereof to any Person other than a Nonexempt Person which agrees in writing with the Borrower and the State not to cause any default to occur under the Original Resolution; provided the Borrower may lease all or any portion of the 2017 Project to a Nonexempt Person pursuant to a lease which in the Opinion of Bond Counsel delivered to the DNRC will not cause the interest on the State Bonds to be included in gross income for purposes of federal income taxation.

(h) The Borrower shall not change the use or nature of the 2017 Project if (i) such change will violate the Clean Water Act, or (ii) so long as the State Bonds are outstanding unless, in the Opinion of Bond Counsel delivered to the DNRC, such change will not result in the inclusion in gross income of interest on the State Bonds for federal income tax purposes.

Section 2.5. Maintenance of System; Liens. The Borrower shall maintain the System, including the 2017 Project, in good condition and make all necessary renewals, replacements, additions, betterments and improvements thereto. The Borrower shall not grant or permit to exist any lien on the 2017 Project or any other property making up part of the System, other than liens securing Debt where a parity or senior lien secures the Series 2018C Bond; provided that this Section 2.5. shall not be deemed to be violated if a mechanic's or contractor's lien is filed against any such property so long as the Borrower uses its best efforts to obtain the discharge of such lien and promptly reports to the DNRC the filing of such lien and the steps it plans to take and does take to discharge such lien.

Section 2.6. Maintenance of Existence, Merger, Consolidation, Etc.; Disposition of Assets. The Borrower shall maintain its corporate existence, except that it may consolidate with or merge into another Governmental Unit or permit one or more Governmental Units to consolidate with or merge into it or may transfer all or substantially all of its assets to another Governmental Unit and then dissolve if the surviving, resulting or transferee entity (if other than the Borrower) (i) is a Public Entity and (ii) assumes in writing all of the obligations of the Borrower under the Original Resolution, the Series 2018B/C Bonds and the Collateral Documents, and (a) such action does not result in any default in the performance or observance of any of the terms, covenants or agreements of the Borrower under the Original Resolution, the Series 2018B/C Bonds and the Collateral Documents, (b) such action does not violate the State Act or the Clean Water Act and does not adversely affect the exclusion of interest on the Series 2018C Bonds or the State Bonds from gross income for federal income tax purposes, and (c) the Borrower delivers to the DNRC on the date of such action an Opinion of Bond Counsel that such action complies with this Section 2.6.

Other than pursuant to the preceding paragraph, the Borrower shall not transfer the System or any portion thereof to any other Person, except for property which is obsolete, outmoded, worn out, is being replaced or otherwise is not needed for the operation of the System, unless the provisions of (a) and (b) of the preceding paragraph are satisfied and the Borrower delivers to the DNRC an Opinion of Bond Counsel to that effect and, in addition, the DNRC consents to such transfer

**ARTICLE III**

**USE OF PROCEEDS; THE 2017 PROJECT**

Section 3.1. Use of Proceeds. The Borrower shall apply the proceeds of the 2018B/C Loans solely as follows:

(a) The Borrower shall apply the proceeds of the 2018B/C Loans solely to the financing, refinancing or reimbursement of costs of the 2017 Project as set forth in Appendix A hereto, fund the deposit to the Reserve Account equal to the Reserve Requirement, and this Section 3.1 and to pay costs of issuance of the Series 2018B/C Bonds. The 2018B/C Loans will be disbursed in accordance with Article IV hereof and Article VII of the Indenture. The Borrower shall, as quickly as reasonably possible, complete the 2017 Project and expend proceeds of the 2018B/C Loans to pay costs of completing the 2017 Project. The Borrower’s Finance Director is also authorized to deposit such additional amounts into the Reserve Account or any other funds and accounts as required by the DNRC.

(b) No portion of the proceeds of the 2018B/C Loans shall be used to reimburse the Borrower for costs paid prior to the date of adoption of this Supplemental Resolution or a Project the construction or acquisition of which occurred or began earlier than June 1, 1993. In addition, if any proceeds of the 2018B/C Loans are to be used to reimburse the Borrower for 2017 Project costs paid prior to the date of adoption of this Supplemental Resolution, the Borrower shall have complied with Section 1.150-2 of the Regulations in respect of such costs.

(c) Any Debt to be refinanced with proceeds of the 2018B/C Loans was incurred after June 1, 1993, or with respect to a Project the construction or acquisition of which began after June 1, 1993. No proceeds of the 2018B/C Loans shall be used for the purpose of refinancing an obligation the interest on which is exempt from federal income tax or excludable from gross income for purposes of federal income taxation unless the DNRC has received an Opinion of Bond Counsel, satisfactory to it, to the effect that such refinancing will not adversely affect the exclusion of interest on the State Bonds from gross income for purposes of federal income taxation.

Section 3.2. The 2017 Project. Set forth in Appendix A to this Supplemental Resolution is a description of the 2017 Project, which describes the property which has been or is to be acquired, installed, constructed or improved and the other activities, if any, to be funded from the 2018B/C Loans (the 2017 Project may consist of more than one facility or activity), and an estimated budget relating to the 2017 Project. The 2017 Project may be changed and the description thereof in Appendix A may be amended from time to time by the Borrower but only after delivery to the DNRC of the following:

(a) a certificate of the Borrower setting forth the amendment to Appendix A and stating the reason therefor, including statements as to whether the amendment would cause an increase or decrease in the cost of the 2017 Project or an increase or decrease in the amount of proceeds of the 2018B/C Loans which will be required to complete the 2017 Project and whether the change will materially accelerate or delay the construction schedule for the 2017 Project;

(b) a written consent to such change in the 2017 Project by an Authorized DNRC Officer; and

(c) an Opinion of Bond Counsel stating that the 2017 Project, as constituted after such amendment, is, and was at the time the State Bonds were issued, eligible for financing under the State Act and is, and was at the time the Series 2018B/C Bonds were issued, eligible for financing under the Enabling Act, such amendment will not violate the State Act or the Enabling Act and such amendment will not adversely affect the exclusion of interest on the State Bonds or the Series 2018C Bond from gross income for purposes of federal income taxation. Such an Opinion of Bond Counsel shall not be required for amendments which do not affect the type of facility to be constructed or activity to be financed.

The Borrower acknowledges and agrees that an increase in the principal amount of the 2018B/C Loans may be made only upon an application to the DEQ, the DNRC and the Trustee, in such form as the DEQ shall specify, which is approved by the DEQ and the DNRC, in their sole and absolute discretion, and adoption by the governing body of the Borrower of a supplemental resolution authorizing the additional loan and delivery of written certifications by officers of the Borrower to the DEQ, the DNRC and the Trustee to the effect that all representations and covenants contained in this Supplemental Resolution as it may be so amended or supplemented are true as of the date of closing of the additional loan and compliance with applicable tests for the incurrence of such debt. No assurance can be given that any additional loan funds will be available under the Program at the time of any such application. The Borrower acknowledges and agrees that neither the DEQ, the DNRC, the Trustee nor any of their agents, employees or representatives shall have any liability to the Borrower and have made no representations to the Borrower as to the sufficiency of the 2018B/C Loans to pay costs of the 2017 Project or as to the availability of additional funds under the Program to increase the principal amount of the 2018B/C Loans.

Section 3.3. 2017 Project Representations and Covenants. The Borrower hereby represents to and covenants with the DNRC that:

(a) all construction of the 2017 Project has complied and will comply with all federal and state standards, including, without limitation, EPA regulations;

(b) all future construction of the 2017 Project, if any, will be done only pursuant to fixed price construction contracts. The Borrower shall obtain a performance and payment bond from the contractor for each construction contract in the amount of 100% of the construction price and ensure that such bond is maintained until construction is completed to the Borrower's, the DNRC's and the DEQ's satisfaction;

(c) all future construction of the 2017 Project will be done in accordance with plans and specifications on file with the DNRC and the DEQ, provided that changes may be made in such plans and specifications with the written consent of an Authorized DNRC Officer and the DEQ;

(d) all laborers and mechanics employed by contractors and subcontractors on the 2017 Project have been and will be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the United States Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code;

(e) the iron and steel products used in the 2017 Project comply with the “American Iron and Steel” requirements of Section 436 of the Consolidated Appropriations Act of 2016 (P.L. 113-76), as those requirements are further interpreted by applicable EPA guidance;

(f) to the Borrower’s knowledge, the 2017 Project is a project of the type permitted to be financed under the State Act, the Enabling Act and the Program and Title IV of the Clean Water Act; and

(g) the Borrower has commenced the 2017 Project and will cause the 2017 Project to be completed as promptly as practicable with all reasonable dispatch, except only as completion may be delayed by a cause or event not reasonably within the control of the Borrower; it is estimated by the Borrower that the 2017 Project will be substantially completed by September 30, 2019.

#### Section 3.4. Completion or Cancellation or Reduction of Costs of the 2017 Project.

(a) Upon completion of the 2017 Project, the Borrower shall deliver to the DNRC a certificate stating that the 2017 Project is complete and stating the amount, if any, of the Undisbursed Committed Amount. If Appendix A describes two or more separate projects as making up the 2017 Project, a separate completion certificate shall be delivered for each.

(b) If all or any portion of the 2017 Project is cancelled or cut back or its costs are reduced or for any other reason the Borrower will not require the full Committed Amounts, the Borrower shall promptly notify the DNRC in writing of such fact and the amount of the Undisbursed Committed Amount.

## ARTICLE IV

### THE LOAN

#### Section 4.1. The Loan; Disbursement of Loan.

(a) The DNRC has agreed to lend to the Borrower, from time to time as the requirements of this Section 4.1 are met, an amount up to: (i) \$400,000 (the “2018B Committed Amount”) and (ii) \$6,500,000 (the “2018C Committed Amount”) for the purposes of financing, refinancing or reimbursing the Borrower for costs of the 2017 Project, funding a deposit to the Reserve Account in the amount of the Reserve Requirement, and paying costs of issuance of the Series 2018B/C Bonds; provided the DNRC shall not be required to disburse any proceeds of the 2018B/C Loans after February 1, 2020. The Committed Amounts may be reduced as provided in Sections 3.2 and 3.4.

(b) The DNRC intends to disburse the 2018B/C Loans through the Trustee. In consideration of the issuance of the Series 2018B/C Bonds by the Borrower, the DNRC shall make, or cause the Trustee

to make, a disbursement of all or a portion of the 2018B/C Loans upon receipt of the following documents:

- (i) an Opinion of Bond Counsel as to the validity and enforceability of the Series 2018C Bond and the security therefor and stating in effect that interest on the Series 2018C Bond is not includable in gross income of the owner thereof for purposes of federal income taxation, in form and substance satisfactory to the DNRC;
  - (ii) the Series 2018B Bond and the Series 2018C Bond, fully executed and authenticated;
  - (iii) a certified copy of the Original Resolution and this Supplemental Resolution;
  - (iv) any other security instruments or documents required by the DNRC or DEQ as a condition to their approval of the 2018B/C Loans;
  - (v) if all or part of a Loan is being made to refinance a Project or reimburse the Borrower for costs of a Project paid prior to the Closing, evidence, satisfactory to the DNRC and the Bond Counsel referred to in subparagraph (1) above, (A) that the acquisition or construction of the Project was begun no earlier than June 1, 1993 or the debt was incurred no earlier than June 1, 1993, (B) of the Borrower's title to the Project, (C) of costs of such Project and that such costs have been paid by the Borrower, and (D) if such costs were paid before adoption of this Supplemental Resolution that the Borrower has complied with Section 1.150-2 of the Regulations;
  - (vi) the items required by the Indenture for the portion of the 2018B/C Loans to be disbursed at Closing; and
  - (vii) such other certificates, documents and other information as the DNRC, the DEQ or the Opinion of Bond Counsel referred to in subparagraph (1) may require (including any necessary arbitrage rebate instructions).
- (c) In order to obtain a disbursement of a portion of the 2018B/C Loans to pay costs of the 2017 Project, the Borrower shall submit to the DNRC and the Trustee a signed request for disbursement on the form prescribed by the DNRC, with all attachments required by such form. The Borrower may obtain disbursements only for costs which have been legally incurred and are due and payable. All Loan disbursements will be made to the Borrower only upon proof that cost was incurred.
- (d) Provided that the EPA Capitalization Grant is available to the Program, from and after the 2018C First Advance, the 2018B/C Loans shall be disbursed, subject to the other terms and conditions of this Supplemental Resolution, in the following order:
- (i) First, the total amount of each advance will be split equally between the 2018B Loan and the 2018C Loan, until the entire amount of the 2018B Loan is advanced; provided that the initial advance shall include the 2018C First Advance.
  - (ii) Second, after the 2018B Loan is advanced in full, all advances will be from only the 2018C Loan.
- (e) The Borrower shall not be entitled to, and the DNRC shall have no obligation to make, the 2018C First Advance or any subsequent advance of any amounts under the 2018C Loan until such

time as the Borrower shall have funded the Reserve Account in an amount then required to satisfy the Reserve Requirement.

(f) The Borrower shall submit the request for the 2018C First Advance in the form required by the DNRC so that it is received in sufficient time for the DNRC to process the information by the date desired by the Borrower for the making of the 2018C First Advance.

(g) For refinancings, a disbursement schedule complying with the requirements of the Clean Water Act shall be established by the DNRC and the Borrower at Closing.

(h) If all or a portion of the 2018B/C Loans is made to reimburse a Borrower for 2017 Project costs paid by it prior to Closing, the Borrower shall present at Closing the items required by Section 4.1(b) relating to such costs. The Trustee shall disburse such amounts to the Borrower pursuant to a disbursement schedule complying with the requirements of the Clean Water Act established by the DNRC and the Borrower at the Closing.

(i) Notwithstanding anything herein to the contrary, the Trustee shall not be obligated to disburse the 2018B/C Loans any faster or to any greater extent than it has available EPA Capitalization Grants, Bond proceeds and other amounts available therefor in the Revolving Fund. The DNRC shall not be required to do “overmatching” pursuant to Section 5.04(b) of the Indenture, but may do so in its discretion. The Borrower acknowledges that if Project costs are incurred faster than the Borrower projected at Closing, there may be delays in making Loan disbursements for such costs because of the schedule under which EPA makes EPA Capitalization Grant money available to the DNRC. The DNRC will use its reasonable best efforts to obtain an acceleration of such schedule if necessary.

(j) Upon making each 2018B Loan disbursement and 2018C Loan disbursement, the Trustee shall note such disbursement on Schedule A to the Series 2018B Bond and the Series 2018C Bond, respectively. At Closing, Schedule A to the Series 2018C Bond shall note the 2018C First Advance.

(k) The Borrower agrees that it will deposit in the Reserve Account upon receipt thereof, on the date of the 2018C First Advance and any subsequent disbursement dates, any proceeds of the 2018C Loan borrowed for the purpose of increasing the balance in the Reserve Account to the Reserve Requirement. The Borrower further acknowledges and agrees that any portion of the 2018B/C Loans representing capitalized interest shall be advanced only on Payment Dates and shall be transferred by the Trustee on the Payment Date directly to the Debt Service Account. The amount of any such transfer shall be a credit against the interest payments due on the Series 2018B/C Bonds and interest thereon shall accrue only from the date of transfer.

(l) Compliance by the Borrower with its representations, covenants and agreements contained in this Supplemental Resolution and the Collateral Documents shall be a further condition precedent to the disbursement of the 2018B/C Loans in whole or in part. The DNRC and the Trustee, in their sole and absolute discretion, may make one or more disbursements, in whole or in part, notwithstanding such noncompliance, and without liability to make any subsequent disbursement of the 2018B/C Loans.

Section 4.2. Commencement of Loan Term. The Borrower’s obligations under this Supplemental Resolution and the Collateral Documents shall commence on the date hereof unless otherwise provided in this Supplemental Resolution. However, the obligation to make payments under Article V hereof shall commence only upon the first disbursement by the Trustee of the 2018C First Advance.



Section 4.3. Termination of Loan Term. The Borrower’s obligations under this Supplemental Resolution and the Collateral Documents in respect of the Series 2018B/C Bonds shall terminate upon payment in full of all amounts due under the Series 2018B/C Bonds and this Supplemental Resolution; provided, however, that the covenants and obligations provided in Article VI and Section 10.3 of this Supplemental Resolution shall survive the termination of the Original Resolution.

Section 4.4. Loan Closing Submissions. On or prior to the Closing, the Borrower will have delivered to the DNRC and the Trustee the closing submissions required by Section 7.05 of the Indenture.

**ARTICLE V**

**REPAYMENT OF 2018B/C LOANS**

Section 5.1. Repayment of 2018B/C Loans. The Borrower shall repay the amounts borrowed by it pursuant to Section 4.1 in accordance with this Section 5.1.

5.1.1. Interest and Surcharges. Until a Determination Statement is delivered by the DNRC to the Borrower and so long as the Borrower’s obligation to repay the principal of the 2018B Loan is forgiven as provided in Section 5.1.2 below, amounts disbursed by the DNRC under Section 4.1 hereof that are evidenced by the Series 2018B Bond bear interest at the rate of zero percent (0.00%) per annum from the date of each advance; provided, however, if the DNRC delivers to the Borrower a Noncompliance Statement, then all principal of the Series 2018B Bond advanced by the DNRC shall be payable and amounts disbursed by the DNRC under Section 4.1 hereof that are evidenced by the Series 2018B Bond shall bear interest at the rate of two percent (2.00%) per annum and in addition the Borrower shall pay the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge from the date of each advance under the Series 2018B Bond, each at the rate of twenty-five hundredths of one percent (0.25%) per annum. The 2018C Loan shall bear interest at the rate of two percent (2.00%) per annum and the Borrower shall pay the Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the outstanding principal amounts of the 2018C Loan, each at the rate of twenty-five hundredths of one percent (0.25%) per annum. For purposes of this Supplemental Resolution and the Program, with respect to the 2018B Loan and the 2018C Loan, the term “interest on the 2018B/C Loans” or “interest on the 2018B Loan” or “interest on the 2018C Loan,” when not used in conjunction with a reference to any surcharges, shall include the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge, if applicable. The Borrower shall pay all Loan Repayments and surcharges in lawful money of the United States of America to the DNRC. Interest, Administrative Expense Surcharge, and Loan Loss Reserve Surcharge shall be calculated on the basis of a year of 360 days comprising 12 months of 30 days each.

5.1.2. Repayment of 2018B Loan; Principal Forgiveness.

(a) The Borrower is obligated to repay the principal of and interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the 2018B Loan, unless the DNRC forgives the Borrower’s obligation to repay the principal of the 2018B Loan as provided in Section 5.1.2(b). Subject to the provisions of Section 5.1.2(b), the Loan Repayments and the Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the 2018B Loan shall be due on each Payment Date, as follows:

(i) Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the outstanding principal balance of the 2018B Loan shall be payable on each Payment Date following the date of delivery by the DNRC of a Noncompliance Statement and concluding on July 1, 2048 and

(ii) the principal of the 2018B Loan shall be payable on each Payment Date, beginning on the Payment Date that is the first to occur following delivery by the DNRC of a Noncompliance Statement and concluding on July 1, 2048, and the amount of each principal payment shall be calculated on the basis of a substantially level debt service at the rate of 2.00% per annum; provided that principal of the 2018B Loan is payable only in amounts that are multiples of \$1,000.

(b) Notwithstanding Section 5.1.2(a), so long as the Borrower is proceeding diligently to completion of the 2017 Project and the Borrower has executed and delivered the Compliance Certificate and Request to the DNRC in form and substance satisfactory to the DNRC and the DEQ in their sole and absolute discretion within thirty (30) days after the date that the Compliance Certificate and Request is provided to the Borrower by the DNRC, the DNRC will, following review and approval of the Compliance Certificate and Request, deliver to the Borrower a Forgiveness Statement and the Borrower will thereafter have no obligation to repay amounts advanced under the Series 2018B Bond or interest or surcharges thereon and the Series 2018B Bond will be marked "CANCELLED" and returned by the DNRC to the Borrower. However, in the event the Borrower fails to deliver timely the Compliance Certificate and Request, or the Borrower cannot submit the Compliance Certificate and Request because it cannot make the certifications required therein, or the Compliance Certificate and Request is delivered in a form that deviates materially from that attached hereto as Appendix D as determined in the sole and absolute discretion of the DNRC and the DEQ, or the DNRC or the DEQ determines at any time that the 2017 Project or any portion thereof or of the work relating thereto fails to comply with Program requirements, then the DNRC will deliver to the Borrower a Noncompliance Statement. Upon delivery of a Noncompliance Statement by the DNRC to the Borrower, all principal advanced or to be advanced under the Series 2018B Bond, together with interest, Administrative Expense Surcharge, and Loan Loss Reserve Surcharge thereon from the date of each advance, shall be payable as provided in Section 5.1.2(a).

(c) In addition, in the event the DNRC delivers a Noncompliance Statement (i) the Series 2018B Bond will continue in effect as a Subordinate Obligation, and (ii) the Borrower will forthwith comply with the rate covenant set forth in Section 6.7 of the Original Resolution, and, if necessary, increase the rates and charges of the System to satisfy such rate covenant as soon as practicable and in any event no later than three (3) months after the date of delivery to the Borrower by the DNRC of a Noncompliance Statement.

5.1.3. Repayment of 2018C Loan. The Loan Repayments and surcharges on the 2018C Loan required by this Section 5.1 shall be due on each Payment Date, as follows:

(i) interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the outstanding principal balance of the 2018C Loan shall be payable on each January 1 and July 1, beginning on July 1, 2018, and concluding on January 1, 2048; and

(ii) the principal of the 2018C Loan shall be repayable on each Payment Date, beginning on July 1, 2018 and concluding January 1, 2048, and the amount of each principal payment shall be calculated on the basis of a substantially level debt service at a rate of 2.50% per annum; provided that principal of the 2018C Loan is payable only in amounts that are multiples of \$1,000.

5.1.4. Details Regarding 2018 Loan Repayments. Upon each disbursement of the 2018B/C Loans to the Borrower pursuant to Section 4.1 hereof, the Trustee shall enter or cause to be entered the amount advanced on Schedule A to the Series 2018B Bond and the Series 2018C Bond, as applicable, under "Advances" and the total amount advanced under Section 4.1, including such disbursement, under

“Total Amount Advanced.” Loan Repayments and the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge on the 2018C Loan and, if applicable, on the 2018B Loan, accrue on each such advance from the date of disbursement and shall be due and payable on the dates and in the amounts shown in Schedule B to the Series 2018B Bond and the Series 2018C Bond, as such Schedule B shall be modified from time to time as provided in Sections 5.1.2, 5.1.3, 5.1.4 and below. The portion of each such Loan Repayment consisting of principal, of interest, of Administrative Expense Surcharge and of Loan Loss Reserve Surcharge shall be set forth in Schedule B to the Series 2018B Bond and the Series 2018C Bond.

If the DNRC shall have delivered a Noncompliance Statement, then Schedule B to the Series 2018B Bond shall continue to reflect interest and surcharges on amounts advanced under the Series 2018B Bond at the rate of 2.00% per annum. If the DNRC delivers a Forgiveness Statement, Schedule B to the Series 2018B Bond will be disregarded and of no effect.

Past-due Loan Repayments and the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge shall bear interest at the rate of ten percent (10.00%) per annum, until paid.

Any payment of principal and interest as to the Series 2018C Bond and, if applicable, the Series 2018B Bond, and the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge as to the Series 2018C Bond and, if applicable, the Series 2018B Bond under this Section 5.1 shall be credited against the same payment obligation under the Series 2018C Bond and, as applicable, the Series 2018B Bond.

Section 5.2. Additional Payments. The Borrower shall also pay, within 30 days after receipt of a bill therefor, from any legally available funds therefor, including proceeds of the 2018B/C Loans, all reasonable expenses of the DNRC and the Trustee in connection with the 2018B/C Loans, the Collateral Documents and the Series 2018B/C Bonds, including, but not limited to:

- (a) the cost of reproducing this Supplemental Resolution, the Collateral Documents and the Series 2018B/C Bonds;
- (b) the fees and disbursements of Bond Counsel and other Counsel utilized by the DNRC and the Trustee in connection with the 2018B/C Loans, this Supplemental Resolution, the Collateral Documents and the Series 2018B/C Bonds and the enforcement thereof; and
- (c) all taxes and other governmental charges in connection with the execution and delivery of the Collateral Documents or the Series 2018B/C Bonds, whether or not the Series 2018B/C Bonds are then outstanding, including all recording and filing fees relating to the Collateral Documents and the pledge of the State’s right, title and interest in and to the Series 2018B/C Bonds, the Collateral Documents and this Supplemental Resolution (and with the exceptions noted therein) and all expenses, including attorneys’ fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the provisions hereof or thereof.

Section 5.3. Prepayments. The Borrower may not prepay all or any part of the outstanding principal amount of the Series 2018C Bond and, if applicable, the Series 2018B Bond, unless (i) a Determination Statement has been delivered, (ii) it obtains the prior written consent of the DNRC thereto, and (iii) no Loan Repayment or Administrative Expense Surcharge or Loan Loss Reserve Surcharge is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal prepaid. If the Series 2018B/C Bonds are prepaid in part pursuant to this Section 5.3, such prepayments shall be applied to principal payments in inverse order of maturity.

Section 5.4. Obligations of Borrower Unconditional. The obligations of the Borrower to make the payments required by this Supplemental Resolution and the Series 2018B/C Bonds and to perform its other agreements contained in this Supplemental Resolution, the Series 2018B/C Bonds and Collateral Documents shall be absolute and unconditional, except as otherwise provided herein or in such documents. The Borrower (a) shall not suspend or discontinue any payments provided for in this Supplemental Resolution and the Series 2018B/C Bonds, (b) shall perform all its other agreements in this Supplemental Resolution, the Series 2018B/C Bonds and the Collateral Documents and (c) shall not terminate this Supplemental Resolution, the Series 2018B/C Bonds or the Collateral Documents for any cause, including any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2017 Project or the System, commercial frustration of purpose, any dispute with the DNRC or the EPA, any change in the laws of the United States or of the State or any political subdivision thereof or any failure of the DNRC to perform any of its agreements, whether express or implied, or any duty, liability or obligation arising from or connected with this Supplemental Resolution.

Section 5.5. Limited Liability. All payments of principal of and interest on the 2018B/C Loans and other payment obligations of the Borrower hereunder and under the Series 2018B/C Bonds shall be special, limited obligations of the Borrower payable with respect to the Series 2018C Bond solely out of the Net Revenues or, with respect to the Series 2018B Bond, solely out of Surplus Net Revenues and shall not, except at the option of the Borrower and as permitted by law, be payable out of any other revenues of the Borrower. The obligations of the Borrower under this Supplemental Resolution and the Series 2018B/C Bonds shall never constitute an indebtedness of the Borrower within the meaning of any State constitutional provision or statutory or charter limitation and shall never constitute or give rise to a pecuniary liability of the Borrower or a charge against its general credit or taxing power. The taxing powers of the Borrower may not be used to pay principal of or interest on the Series 2018B/C Bonds, no funds or property of the Borrower other than the Net Revenues may be required to be used to pay principal of or interest on the Series 2018C Bond, and no funds or property of the Borrower other than the Surplus Net Revenues may be required to be used to pay principal of or interest, if any, on the Series 2018B Bond.

**ARTICLE VI**

**INDEMNIFICATION OF DNRC AND DEQ**

The Borrower shall, to the extent permitted by law, indemnify and save harmless the DNRC and the DEQ and their officers, employees and agents (each an “Indemnified Party” or, collectively, the “Indemnified Parties”) against and from any and all claims, damages, demands, expenses, liabilities and losses of every kind asserted by or on behalf of any Person arising out of the acts or omissions of the Borrower or its employees, officers, agents, contractors, subcontractors, or consultants in connection with or with regard or in any way relating to the condition, use, possession, conduct, management, planning, design, acquisition, construction, installation or financing of the 2017 Project. The Borrower shall, to the extent permitted by law, also indemnify and save harmless the Indemnified Parties against and from all costs, reasonable attorneys’ fees, expenses and liabilities incurred in any action or proceeding brought by reason of any such claim or demand. If any proceeding is brought against an Indemnified Party by reason of such claim or demand, the Borrower shall, upon notice from an Indemnified Party, defend such proceeding on behalf of the Indemnified Party.

**ARTICLE VII**

**ASSIGNMENT**

Section 7.1. Assignment by Borrower. The Borrower may not assign its rights and obligations under this Supplemental Resolution or the Bonds, except as provided in Section 6.3.

Section 7.2. Assignment by DNRC. The DNRC will pledge its rights under and interest in this Supplemental Resolution, the Series 2018B/C Bonds and the Collateral Documents (except to the extent otherwise provided in the Indenture) as security for the payment of the State Bonds and may further assign such interests to the extent permitted by the Indenture, without the consent of the Borrower.

Section 7.3. State Refunding Bonds. In the event the State Bonds are refunded by bonds which are not State Bonds, all references in this Supplemental Resolution to State Bonds shall be deemed to refer to such refunding bonds (together, the “Refunding Bonds”) or, in the case of a crossover refunding, to the State Bonds and the Refunding Bonds. In the event the State Bonds are refunded by an issue of Additional State Bonds, all references in the Original Resolution to the State Bonds shall be deemed to refer to such Additional State Bonds or, in the case of a crossover refunding, both the State Bonds and such Additional State Bonds.

**ARTICLE VIII**

**THE SERIES 2018B/C BONDS**

Section 8.1. Net Revenues Available. The Borrower is authorized to charge just and equitable rates, charges and rentals for all services directly or indirectly furnished by the System, and to pledge and appropriate to the Series 2018C Bond the Net Revenues (and in respect of the Series 2018B Bond, if necessary, the Surplus Net Revenues) to be derived from the operation of the System, including improvements, betterments or extensions thereof hereafter constructed or acquired. The Net Revenues to be produced by such rates, charges and rentals during the term of the Series 2018C Bond are expected to be more than sufficient to pay the principal and interest when due on the Series 2018C Bond, and to create and maintain reasonable reserves therefor and to provide an adequate allowance for replacement and depreciation, as prescribed herein. For purposes of the foregoing statement, principal of and interest on the 2018B Loan are disregarded. The Borrower acknowledges and agrees that if the DNRC delivers a Noncompliance Statement to the Borrower that the obligation of the Borrower to repay the principal of the 2018B Loan is not forgiven as provided in Section 5.1.2 as determined in the sole and complete discretion of the DNRC and DEQ, then principal and interest and surcharges will become due and owing on the 2018B Loan evidenced by the Series 2018B Bond as provided in Section 5.1.2 and the Borrower shall thereupon, and no later than three months after delivery of such Noncompliance Statement, to the extent required by Section 6.7 of the Original Resolution, adjust its schedule of fees, rates and charges applicable to the System to cause Net Revenues and Surplus Net Revenues to be produced in an amount at least equal to that required by the Original Resolution.

Section 8.2. Issuance and Sale of the Series 2018B/C Bonds. The Commission has investigated the facts necessary and hereby finds, determines and declares it to be necessary and desirable for the Borrower to issue the Series 2018B/C Bonds to evidence the 2018B/C Loans. The Series 2018B/C Bonds are issued to the DNRC without public sale pursuant to Montana Code Annotated, Section 7-7-4433.

Section 8.3. Terms. The Series 2018B Bond and the Series 2018C Bond shall be in the maximum principal amount equal to the original 2018B Committed Amount and the 2018C Committed Amount, respectively, shall each be issued as a single, fully registered bond numbered R-1, shall be dated as of the date of delivery to the DNRC, and shall bear interest at the rate charged by the DNRC on the 2018B Loan and the 2018C Loan, respectively. The principal of and interest on the Series 2018C Bond and, if applicable, the principal of and interest on the Series 2018B Bond, and any Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be payable on the same dates and in the same amounts as Loan Repayments are payable. Advances of principal of the Series 2018B Bond or the Series 2018C Bond shall be deemed made when advances of the 2018B Loan or the 2018C Loan, respectively, are made under Section 4.1, and such advances shall be payable in accordance with Schedule B to the Series 2018C Bond and, if applicable, the Series 2018B Bond, as it may be revised by the DNRC from time to time in accordance with Section 5.1. The Series 2018B Bond is a Subordinate Obligation payable only from the Surplus Net Revenues available in the Repair and Replacement Account or the Surplus Account. The Borrower may prepay the Series 2018B/C Bonds, in whole or in part, only upon the terms and conditions under which it can prepay the 2018B/C Loans under Section 5.3.

Section 8.4. Negotiability, Transfer and Registration. The Series 2018B/C Bonds shall be fully registered as to both principal and interest, and shall be initially registered in the name of and payable to the DNRC, shall be dated the date of delivery. While so registered, principal of and interest on the Series 2018B/C Bonds shall be payable to the DNRC at the Office of the Department of Natural Resources and Conservation, 1625 Eleventh Avenue, Helena, Montana 59620 or such other place as may be designated by the DNRC in writing and delivered to the Borrower. The Series 2018B/C Bonds shall be negotiable, subject to the provisions for registration and transfer contained in this Section 8.4. No transfer of the Series 2018B/C Bonds shall be valid unless and until (1) the holder, or his duly authorized attorney or legal representative, has executed the form of assignment appearing on the Series 2018B/C Bonds, and (2) the Clerk of the Commission of the Borrower or successors, as bond registrar (the "Registrar"), has duly noted the transfer on the Series 2018B/C Bonds and recorded the transfer on the registration books of the Registrar. The Registrar may, prior to noting and recording the transfer, require appropriate proof of the transferor's authority and the genuineness of the transferor's signature. The Borrower shall be entitled to deem and treat the Person in whose name the Series 2018B/C Bonds is registered as the absolute owner of the Series 2018B/C Bonds for all purposes, notwithstanding any notice to the contrary, and all payments to the registered holder shall be valid and effectual to satisfy and discharge the Borrower's liability upon such Series 2018B/C Bonds to the extent of the sum or sums so paid.

Section 8.5. Execution and Delivery. The Series 2018B/C Bonds shall be executed on behalf of the Borrower by the manual signatures of the Chairman, City Commission, City Manager and Finance Director. Any or all of such signatures may be affixed at or prior to the date of delivery of the Series 2018B/C Bonds. In the event that any of the officers who shall have signed the Series 2018B/C Bonds shall cease to be officers of the Borrower before the Series 2018B/C Bonds are issued or delivered, their signatures shall remain binding upon the Borrower. Conversely, the Series 2018B/C Bonds may be signed by an authorized official who did not hold such office on the date of adoption of this Supplemental Resolution. The Series 2018B/C Bonds shall be delivered to the DNRC, or its attorney or legal representative.

Section 8.6. Form. The Series 2018B Bond shall be prepared in substantially the form attached as Appendix B-1. The Series 2018C Bond shall be prepared in substantially the form attached as Appendix B-2.

**ARTICLE IX**

**SECURITY FOR THE SERIES 2018B/C BONDS**

The Series 2018C Bond is issued as an Additional Bond under the Original Resolution and shall, with the Series 2009B Bonds, the Series 2012 Bonds, the Sewer Intercap Loan, the Series 2018A Bond, and any other Additional Bonds issued under the provisions of the Original Resolution be equally and ratably secured by the provisions of the Original Resolution and payable out of the Net Revenues appropriated to the Debt Service Account of the Fund, without preference or priority, all as provided in the Original Resolution, and secured by the Reserve Account, as further provided in the Original Resolution and in the following sentence. On the date of Closing, the Borrower shall deposit in the Reserve Account, an amount equal to the initial Reserve Requirement assuming the entire 2018C Committed Amount is advanced on the date of Closing. If less than the entire 2018C Committed Amount is advanced, then on the date of the final disbursement of proceeds of the Series 2018C Bond, the Borrower shall be entitled, in its discretion, to transfer any amount in excess of the Reserve Requirement to the Debt Service Account or the Repair and Replacement Account, so long as the amount remaining in the Reserve Account equals the Reserve Requirement. The Series 2018B Bond is a Subordinate Obligation issued under Section 15.4 of the Original Resolution and payable from the Surplus Net Revenues that are available after required credits to the Operating Account, the Debt Service Account, and the Reserve Account. No payment of principal or interest shall be made on any Subordinate Obligation, including the Series 2018B Bond, if the Borrower is then in default in the payment of principal of or interest on any Bond or if there is a deficiency in the Operating Account or the Debt Service Account or the balance in the Reserve Account is less than the Reserve Requirement. In the event the principal of and interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge become payable under the Series 2018B Bond, the Borrower shall cause rates and charges to be increased to produce Net Revenues at least equal to the amount required under the Original Resolution within three (3) months following delivery of a Noncompliance Statement. The Borrower shall keep, perform and observe each and every one of its covenants and undertakings set forth in the Original Resolution for the benefit of the registered holders from time to time of the Series 2018B/C Bonds.

**ARTICLE X**

**TAX MATTERS**

Section 10.1. Use of Project and System. The 2017 Project and the System will be owned and operated by the Borrower and available for use by members of the general public on a substantially equal basis. The Borrower shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the 2017 Project or the System or security for the payment of the Series 2018C Bond which might cause the Series 2018C Bond to be considered a “private activity bond” or “private loan bond” within the meaning of Section 141 of the Code.

Section 10.2. General Covenant. The Borrower covenants and agrees with the owners from time to time of the Series 2018C Bond that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Series 2018C Bond to become includable in gross income for federal income tax purposes under the Code and the Regulations, and covenants to take any and all actions within its powers to ensure that the interest on the Series 2018C Bond will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

Section 10.3. Arbitrage Certification. The Chairman, City Commission, City Manager and Finance Director being the officers of the Borrower charged with the responsibility for issuing the Series 2018C Bond pursuant to this Supplemental Resolution, are authorized and directed to execute and deliver to the DNRC a certificate in accordance with the provisions of Section 148 of the Code, and Section 1.148-2(b) of the Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Series 2018C Bond, it is reasonably expected that the proceeds of the Series 2018C Bond will be used in a manner that would not cause the Series 2018C Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code and the Regulations.

Section 10.4. Arbitrage Rebate. The Borrower acknowledges that the Series 2018C Bond is subject to the rebate requirements of Section 148(f) of the Code. The Borrower covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under said Section 148(f) and applicable Treasury Regulations to preserve the exclusion of interest on the Series 2018C Bond from gross income for federal income tax purposes, unless the Series 2018C Bond qualifies for the exception from the rebate requirement under Section 148(f)(4)(B) of the Code and no “gross proceeds” of the Series 2018C Bond (other than amounts constituting a “bona fide debt service fund”) arise during or after the expenditure of the original proceeds thereof. In furtherance of the foregoing, the Chairman, City Commission, City Manager and Finance Director are hereby authorized and directed to execute a rebate or tax certificate with respect to the Series 2018C Bond, substantially in the form to be prepared by Bond Counsel, and the Borrower hereby covenants and agrees to observe and perform the covenants and agreements contained therein, unless amended or terminated in accordance with the provisions thereof.

Section 10.5 Information Reporting. The Borrower shall file with the Secretary of the Treasury, not later than May 15, 2018, a statement concerning the Series 2018C Bond containing the information required by Section 149(e) of the Code.

## ARTICLE XI

### CONTINUING DISCLOSURE

The Borrower understands and acknowledges that the DNRC is acquiring the Series 2018B/C Bonds under the Program pursuant to which the State issues from time to time State Bonds to provide funds therefor. The Borrower covenants and agrees that, upon written request of the DNRC from time to time, the Borrower will promptly provide to the DNRC all information that the DNRC reasonably determines to be necessary or appropriate to offer and sell State Bonds or to provide continuing disclosure in respect of State Bonds, whether under Rule 15c2-12 (17 C.F.R. § 240.15c2-12) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or otherwise. Such information shall include, among other things and if so requested, financial statements of the Borrower prepared in accordance with governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Montana law, as in effect from time to time (such financial statements to relate to a fiscal year or any period therein for which they are customarily prepared by the Borrower, and, if for a fiscal year and so requested by the DNRC, subject to an audit report and opinion of an accountant or government auditor, as permitted or required by the laws of the State). The Borrower will also provide, with any information so furnished to the DNRC, a certificate of the Chairman, City Commission, City Manager and Finance Director of the Borrower to the effect that, to the best of their knowledge, such information does not include any untrue statement of a material fact or omit to state any material fact required to be stated therein to make the statements made, in light of the circumstances under which they are made, not misleading.



**ARTICLE XII**  
**MISCELLANEOUS**

Section 12.1. Notices. All notices or other communications hereunder shall be sufficiently sent or given and shall be deemed sent or given when delivered or mailed by certified mail, postage prepaid, to the parties at the following addresses:

DNRC:	Department of Natural Resources and Conservation 1539 Eleventh Avenue P. O. Box 201601 Helena, Montana 59620-1601 Attn: Conservation and Resource Development Division
Trustee:	U.S. Bank National Association c/o Corporate Trust Services 1420 Fifth Avenue, 7th Floor Seattle, Washington 98101
Borrower:	City of Livingston 414 East Callender Street Livingston, Montana 59047 Attn: Finance Director

Any of the above parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices or other communications shall be sent.

Section 12.2. Binding Effect. This Supplemental Resolution shall inure to the benefit of and shall be binding upon the DNRC, the Borrower and their respective permitted successors and assigns.

Section 12.3. Severability. If any provision of this Supplemental Resolution shall be determined to be unenforceable at any time, it shall not affect any other provision of this Supplemental Resolution or the enforceability of that provision at any other time.

Section 12.4. Amendments. This Supplemental Resolution may not be effectively amended without the written consent of the DNRC.

Section 12.5. Applicable Law. This Supplemental Resolution shall be governed by and construed in accordance with the laws of the State.

Section 12.6. Captions; References to Sections. The captions in this Supplemental Resolution are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Supplemental Resolution. References to Articles and Sections are to the Articles and Sections of this Supplemental Resolution, unless the context otherwise requires.

Section 12.7. No Liability of Individual Officers, Directors, Trustees or Commission Members. No recourse under or upon any obligation, covenant or agreement contained in this Supplemental Resolution shall be had against any director, officer or employee, as such, past, present or future, of the DNRC, the DEQ or the Trustee, either directly or through the DNRC, the DEQ or the Trustee, or against any officer, or member of the governing body or employee of the Borrower, past, present or future, as an

individual so long as such individual was acting in good faith. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officer or member of the governing body or employee of the DNRC, the Trustee or the Borrower is hereby expressly waived and released by the Borrower and by the DNRC as a condition of and in consideration for the adoption of this Supplemental Resolution and the making of the Loan.

Section 12.8. Payments Due on Holidays. If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Supplemental Resolution or the Series 2018B/C Bonds, shall not be a Business Day, such payments may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Supplemental Resolution or the Series 2018B/C Bonds.

Section 12.9. Right of Others to Perform Borrower's Covenants. In the event the Borrower shall fail to make any payment or perform any act required to be performed hereunder, then and in each such case the DNRC or the provider of any Collateral Document may (but shall not be obligated to) remedy such default for the account of the Borrower and make advances for that purpose. No such performance or advance shall operate to release the Borrower from any such default and any sums so advanced by the DNRC or the provider of any Collateral Document shall be paid immediately to the party making such advance and shall bear interest at the rate of ten percent per annum from the date of the advance until repaid. The DNRC and the provider of any Collateral Document shall have the right to enter the 2017 Project or the facility or facilities of which the 2017 Project is a part or any other facility which is a part of the System in order to effectuate the purposes of this Section.

Section 12.10. Authentication of Transcript. The officers of the Borrower are hereby authorized and directed to furnish to the DNRC and to Bond Counsel certified copies of all proceedings relating to the issuance of the Series 2018B/C Bonds and such other certificates and affidavits as may be required to show the right, power and authority of the Borrower to issue the Series 2018B/C Bonds, and all statements contained in and shown by such instruments, including any heretofore furnished, shall constitute representations of the Borrower as to the truth of the statements of fact purported to be shown thereby.

Section 12.11. Repeals and Effective Date.

(a) Repeal. All provisions of other resolutions and other actions and proceedings of the Borrower and this Commission that are in any way inconsistent with the terms and provisions of this Supplemental Resolution are repealed, amended and rescinded to the full extent necessary to give full force and effect to the provisions of this Supplemental Resolution.

(b) Effective Date. This Supplemental Resolution shall take effect immediately.

PASSED AND ADOPTED by the City Commission of the City of Livingston, Montana, this 16th day of January, 2018.

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Dorel Hoglund, Chairman

ATTEST:

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City Clerk

## APPENDIX A

## DESCRIPTION OF THE 2017 PROJECT

The Water Reclamation Facility Upgrade Wastewater project includes the following: (i) improvements to the headworks and the influent pumping station; (ii) construction of a new sequencing batch reactor secondary treatment to replace the existing rotating biological contactors; (iii) modify the existing chlorine contact basin to house a new UV disinfection system; (iv) make improvements to solids handling by repurposing the existing secondary clarifier to WAS storage; (v) install a rotary drum for solids thickening; (vi) add a composing vessel; (vii) install pumping polymer feed equipment; (viii) modify the anaerobic digesters to aerobic digesters; (ix) extend the City water supply to the WRF to replace the well currently used for non-potable processes; (x) upgrade the WRF's controls and its electrical and emergency power generator capacity and (xi) any and all related improvement thereto.

## APPENDIX B-1

[Form of the Series 2018B Bond]

**UNITED STATES OF AMERICA  
STATE OF MONTANA  
COUNTY OF PARK  
CITY OF LIVINGSTON**

**CITY OF LIVINGSTON  
SUBORDINATE LIEN SEWER IMPROVEMENT REVENUE BOND  
(DNRC WATER POLLUTION CONTROL STATE REVOLVING LOAN PROGRAM),  
TAXABLE SERIES 2018B**

No. R-1

\$400,000

FOR VALUE RECEIVED, the City of Livingston, Montana (the “Borrower”), a duly organized and existing municipal corporation in Park County, Montana, acknowledges itself to be specially indebted and, for value received, hereby promises to pay to the Department of Natural Resources and Conservation of the State of Montana (the “DNRC”), or its registered assigns, solely out of available Surplus Net Revenues in the Repair and Replacement Account or the Surplus Account of its Sewer System Fund (the “Sewer System Fund”), the sum of the principal amounts entered on Schedule A attached hereto under “Total Amount Advanced,” with interest on each such amount from the date such amount is advanced hereunder at the rate of two percent (2.00%) per annum on the unpaid balance until paid, together with an Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the outstanding principal amount of this Subordinate Series 2018B Bond from the date of each advance of principal, each at the rate of twenty-five hundredths of one percent (0.25%) per annum, all subject to the effect of the immediately following paragraph. Principal, interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be payable in semiannual installments payable on each January 1 and July 1 (each a “Payment Date”) commencing with the Payment Date that is the first to occur following delivery by the DNRC to the Borrower of a statement that the Borrower’s obligation to repay the principal amount of the 2018B Loan is not forgiven and ending on July 1, 2048, all as described in the Resolution (as hereinafter defined), subject to earlier redemption. Each installment shall be in the amount set forth opposite its due date in Schedule B attached hereto under “Total Loan Payment.” The portion of each such payment consisting of principal, of interest, of Administrative Expense Surcharge and of Loan Loss Reserve Surcharge shall be as set forth in Schedule B attached hereto. Upon each disbursement of the 2018B Loan, the DNRC shall enter (or cause to be entered) the principal amount advanced on Schedule A under “Advances” and the total amount advanced under the Resolution, including such advance, under “Total Amount Advanced.” The DNRC shall prepare Schedule B and any revised Schedule B, or cause Schedule B and any revised Schedule B to be prepared, as provided in Section 5.1 of the Resolution, and the final Schedule B will reflect repayments under Section 5.1.4 of the Supplemental Resolution. Schedule B shall be calculated and recalculated on a level debt service basis assuming an interest rate of two and one-half percent (2.50%) per annum. Past-due payments of principal and interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall bear interest at the rate of ten percent (10.00%) per annum, until paid. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be calculated on the basis of a 360-day year comprising 12 months of 30 days each. All payments under this Subordinate Series 2018B Bond shall be made to the registered holder of this Subordinate Series 2018B Bond, at its address as it appears on the bond register, in lawful money of the United States of America.

NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS SUBORDINATE SERIES 2018B BOND, IN THE EVENT THAT THE BORROWER TIMELY DELIVERS A COMPLIANCE CERTIFICATE AND REQUEST (AS DEFINED IN THE RESOLUTION) IN FORM AND SUBSTANCE SATISFACTORY TO THE DNRC AND THE DNRC IN RESPONSE THERETO SUPPLIES TO THE BORROWER A FORGIVENESS STATEMENT, THEN THEREUPON INTEREST SHALL BE DEEMED TO ACCRUE ON THE PRINCIPAL OF THIS BOND FROM THE DATE OF EACH ADVANCE AT THE RATE OF ZERO PERCENT (0.00%) PER ANNUM AND THE BORROWER'S OBLIGATION TO REPAY PRINCIPAL ADVANCED HEREUNDER SHALL BE FORGIVEN, AND THE BORROWER SHALL HAVE NO OBLIGATION TO REPAY THE DNRC OR ITS REGISTERED ASSIGNS ANY AMOUNTS ADVANCED HEREUNDER OR INTEREST OR ANY SURCHARGE THEREON. THIS SUBORDINATE SERIES 2018B BOND SHALL THEREUPON BE MARKED "CANCELLED" AND RETURNED BY THE HOLDER TO THE BORROWER, AND THIS SUBORDINATE SERIES 2018B BOND SHALL NO LONGER CONSTITUTE AN OBLIGATION OF THE BORROWER OR OF THE SYSTEM (AS HEREINAFTER DEFINED). IN ADDITION, UNTIL THE DELIVERY OF A DETERMINATION STATEMENT BY THE DNRC TO THE BORROWER, THE OBLIGATION OF THE BORROWER TO REPAY THE OUTSTANDING PRINCIPAL AMOUNT HEREOF SHALL BE DEFERRED UNTIL THE PAYMENT DATE FIRST OCCURRING AFTER DELIVERY OF A NONCOMPLIANCE STATEMENT AND INTEREST SHALL BE DEEMED TO ACCRUE ON THE PRINCIPAL OF THIS BOND FROM THE DATE OF EACH ADVANCE UNTIL DELIVERY OF SUCH A NONCOMPLIANCE STATEMENT AT THE RATE OF ZERO PERCENT (0.00%) PER ANNUM.

This Subordinate Series 2018B Bond is one of an issue of Sewer System Revenue Bonds of the Borrower authorized to be issued in one or more series from time to time, and constitutes a series in the maximum authorized principal amount of \$400,000 (the "Series 2018B Bond"). This Subordinate Series 2018B Bond is issued to finance costs of the construction of certain improvements to the Sewer System of the Borrower (the "System"). This Subordinate Series 2018B Bond is issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 7, Part 44 and 45, as amended, and ordinances and resolutions duly adopted by the governing body of the Borrower, including Resolution No. 3590 of the City adopted on December 6, 2004 (the "Original Resolution"), as amended and supplemented by a Resolution adopted on January 16, 2018 (the Original Resolution, as so amended and supplemented, the "Resolution"). Terms used with initial capital letters but not defined herein have the meanings given to them in the Resolution. This Subordinate Series 2018B Bond is issuable only as a single, fully registered bond. This Subordinate Series 2018B Bond is issued as a Subordinate Obligation payable out of available Surplus Net Revenues in the Repair and Replacement Account or the Surplus Account in the Sewer System Fund. Simultaneously herewith, the Borrower is issuing its \$6,500,000 Sewer Improvement Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2018C (the "Series 2018C Bond") which is payable from the Debt Service Account in the Sewer System on a parity with the Borrower's outstanding Series 2009B Bonds, the Series 2012 Bonds, the Sewer Intercap Loan, and the Series 2018A Bond (as defined in the Resolution) (together with the Series 2018C Bond, the "Outstanding Bonds"). Following the 2018C First Advance, the total amount of each advance will be split equally between the Series 2018B Bond and the Series 2018C Bond, until the entire amount of the Series 2018B Bond is advanced; provided that the initial advance shall include the 2018C First Advance. After the Series 2018B Bond is advanced in full, all advances will be from only the Series 2018C Bond.

Reference is made to the Resolution for a more complete statement of the terms and conditions upon which this Subordinate Series 2018B Bond has been issued, the conditions upon which the Resolution may be amended, the rights, duties and obligations of the Borrower, and the rights of the owners of this Subordinate Series 2018B Bond.

The Borrower may prepay the principal of this Subordinate Series 2018B Bond only if (i) a Determination Statement has been delivered, (ii) it obtains the prior written consent of the DNRC thereto, and (iii) no Loan Repayment or Administrative Expense Surcharge or Loan Loss Reserve Surcharge is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest, and Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal prepaid. If this Subordinate Series 2018B Bond is prepaid in part, such prepayments shall be applied to principal payments in inverse order of maturity.

This Subordinate Series 2018B Bond, including interest and any premium, are payable solely from the Surplus Net Revenues available for the payment hereof and do not constitute a debt of the Borrower within the meaning of any constitutional or statutory limitation or provision.

The Borrower may deem and treat the person in whose name this Series 2018B Bond is registered as the absolute owner hereof, whether this Subordinate Series 2018B Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and the Borrower shall not be affected by any notice to the contrary. This Subordinate Series 2018B Bond may be transferred as hereinafter provided.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Borrower has duly authorized and will forthwith construct and complete the improvements to the System hereinabove described; that it will prescribe and collect reasonable rates and charges for all services and facilities afforded by the System, including all additions thereto and replacements and improvements thereof, and has created a special Sewer System Fund into which the gross revenues of the System will be paid, and a separate and special Repair and Replacement Account and Surplus Account in that Sewer System Fund, into which will be paid, subject to the prior lien thereon of the Operating Account, the Debt Service Account and the Reserve Account, Surplus Net Revenues; that the rates and charges for the System will from time to time be made and kept sufficient, to provide gross income and revenues adequate to pay promptly the reasonable and current expenses of operating and maintaining the System, to produce in each fiscal year Net Revenues in excess of such current expenses, equal to at least 125% of the maximum amount of principal and interest payable from the Debt Service Account in any subsequent fiscal year and from and after repayment of the Series 2012 Bonds equal to at least 110% of the maximum amount of principal and interest payable from the Debt Service Account in any subsequent fiscal year, and to produce in each fiscal year adequate Surplus Net Revenues to pay the principal of and interest on this Subordinate Series 2018B Bond as and when due; that additional Parity Bonds and refunding Bonds may be issued and made payable from the Debt Service Account on a parity with the Outstanding Bonds and other parity Bonds upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues of the System, unless the lien thereof shall be expressly made subordinate to the lien of the Outstanding Bonds and additional parity Bonds on such Net Revenues and such obligations are payable only from Surplus Net Revenues (as is the case with this Subordinate Series 2018B Bond); that all provisions for the security of the holder of this Subordinate Series 2018B Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the ordinances and resolutions of the Borrower to be done, to exist, to happen and to be performed in order to make this Subordinate Series 2018B Bond a valid and binding special obligation of the Borrower according to its terms have been done, do exist, have happened and have been performed as so required; and that this Subordinate Series 2018B Bond and the premium, if any, and interest hereon are payable solely out of available Surplus Net Revenues in the Repair and Replacement Account or the Surplus Account of the Sewer System Fund and do not constitute a debt of the Borrower within the meaning of any constitutional or statutory limitation or provision and the issuance of this Subordinate Series 2018B Bond does not cause either the general or the special indebtedness of the Borrower to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City of Livingston, Park County, Montana, by its City Commission, has caused this Subordinate Series 2018B Bond to be executed on its behalf by the facsimile or manual signatures of the Chairman, City Commission, City Manager and Finance Director and has caused this Subordinate Series 2018B Bond to be dated as of the date set forth below.

Dated: February 7, 2018

**CITY OF LIVINGSTON, MONTANA**

\_\_\_\_\_  
Chairman, City Commission

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
Finance Director

ATTEST:

\_\_\_\_\_  
City Clerk



REGISTRATION AND TRANSFER

The Subordinate Series 2018B Bond shall be fully registered as to both principal and interest. No transfer of the Subordinate Series 2018B Bond shall be valid unless and until (1) the registered holder of the Bond, or his duly authorized attorney or legal representative, executes the form of assignment appearing on the Subordinate Series 2018B Bond, and (2) the Clerk of the Commission, as bond registrar (the "Registrar"), has duly noted the transfer on the Subordinate Series 2018B Bond and recorded the transfer on the Registrar's registration books. The Borrower shall be entitled to deem and treat the person in whose name the Subordinate Series 2018B Bond is registered as absolute owner thereof for all purposes, notwithstanding any notice to the contrary. Payments on account of the Subordinate Series 2018B Bond shall be made only to the order of the registered holder thereof, and all such payments shall be valid and effectual to satisfy and discharge the Borrower's liability upon the Subordinate Series 2018B Bond to the extent of the sum or sums so paid.

REGISTER

The ownership of the outstanding principal balance of the Subordinate Series 2018B Bond and the interest accruing thereon is registered on the books of City of Livingston, Montana in the name of the registered holder appearing on the first page hereof or as last noted below:

<u>Date of Registration</u>	<u>Name and Address of Registered Holder</u>	<u>Signature of Clerk of the Commission</u>
February 7, 2018	Department of Natural Resources and Conservation 1625 Eleventh Avenue Helena. MT 59620	

THE FOLLOWING ENTRIES ARE TO BE MADE ONLY BY THE REGISTRAR UPON REGISTRATION OF EACH TRANSFER

The Clerk of the Commission of the City of Livingston, Montana, acting as Bond Registrar, has transferred, on the books of the Borrower, on the date last noted below, ownership of the principal amount of and the accrued interest on the Subordinate Series 2018B Bond to the new registered holder noted next to such date, except for amounts of principal and interest theretofore paid.

<u>Date of Transfer</u>	<u>Name of New Registered Holder</u>	<u>Signature of Bond Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

FORM OF ASSIGNMENT

For value received, the Subordinate Series 2018B Bond is hereby transferred and assigned by the undersigned holder, without recourse,  
to \_\_\_\_\_ on this \_\_\_\_ day  
of \_\_\_\_\_, \_\_\_\_\_.

By: \_\_\_\_\_  
(Authorized Signature)

For: \_\_\_\_\_  
(Holder)



SCHEDULE B

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Administrative Expense Surcharge</u>	<u>Loan Loss Reserve Surcharge</u>	<u>Total Loan Payment</u>
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## APPENDIX B-2

[Form of the Series 2018C Bond]

**UNITED STATES OF AMERICA  
STATE OF MONTANA  
COUNTY OF PARK  
CITY OF LIVINGSTON**

**CITY OF LIVINGSTON  
SEWER IMPROVEMENT REVENUE BOND  
(DNRC WATER POLLUTION CONTROL STATE REVOLVING LOAN PROGRAM),  
SERIES 2018C**

No. R-1

\$6,500,000

FOR VALUE RECEIVED, the City of Livingston, Montana (the “Borrower”), a duly organized and existing municipal corporation in Park County, Montana, acknowledges itself to be specially indebted and hereby promises to pay to the Department of Natural Resources and Conservation of the State of Montana (the “DNRC”), or its registered assigns, solely from the Debt Service Account of its Sewer System Fund, the principal sum equal to the sum of the amounts entered on Schedule A attached hereto under “Total Amount Advanced,” with interest on each such amount from the date such amount is advanced hereunder at the rate of two percent (2.00%) per annum on the unpaid balance until paid. In addition, the Borrower shall pay an Administrative Expense Surcharge and a Loan Loss Reserve Surcharge on the outstanding principal amount of this Series 2018C Bond, each at the rate of twenty-five hundredths of one percent (0.25%) per annum. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be payable in semiannual installments payable on each January 1 and July 1 (each a “Loan Repayment Date”) commencing on July 1, 2018 and concluding on January 1, 2048. Principal shall be payable on the dates set forth in Schedule B hereto. Each installment shall be in the amount set forth opposite its due date in Schedule B attached hereto under “Total Loan Payment.” The portion of each such payment consisting of principal, the portion consisting of interest, the portion consisting of Administrative Expense Surcharge, and the portion consisting of Loan Loss Reserve Surcharge shall be as set forth in Schedule B hereto. Upon each disbursement of Loan amounts to the Borrower pursuant to the Resolution described below, the DNRC shall enter (or cause to be entered) the amount advanced on Schedule A under “Advances” and the total amount advanced under the Resolution, including such disbursement, under “Total Amount Advanced.” The DNRC shall prepare Schedule B and any revised Schedule B, or cause Schedule B and any revised Schedule B to be prepared, as provided in Section 5.1 of the Resolution, and the final Schedule B will reflect repayments under Section 5.1.4 of the Resolution. Schedule B shall be calculated and recalculated on a level debt service basis assuming an interest rate of 2.50% per annum. Past- due payments of principal and interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall bear interest at the rate of ten percent (10.00%) per annum, until paid. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be calculated on the basis of a 360-day year comprising 12 months of 30 days each. All payments under this Series 2018C Bond shall be made to the registered holder of this Series 2018C Bond, at its address as it appears on the Bond register, in lawful money of the United States of America.

This Series 2018C Bond is one of an issue of Sewer System Revenue Bonds of the Borrower authorized to be issued in one or more series from time to time, and constitutes a series in the maximum authorized principal amount of \$6,500,000 (the “Series 2018C Bond”). The Series 2018C Bond is issued to finance a portion of costs of the construction of certain improvements to the Sewer System of the Borrower (the “System”) and to pay costs of issuance of the Series 2018C Bonds. The Series 2018C Bond is issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 7, Part 44 and 45, as amended, and ordinances and resolutions duly adopted by the governing body of the

Borrower, including Resolution No. 3590 of the City adopted on December 6, 2004 (the "Original Resolution"), as amended and supplemented by a Resolution adopted on January 16, 2018 (the Original Resolution, as so amended and supplemented, the "Resolution"). Terms used with initial capital letters but not defined herein have the meanings given to them in the Resolution. The Series 2018C Bond is issuable only as a single, fully registered bond. The Series 2018C Bond is issued on a parity with the Borrower's outstanding Series 2009B Bonds, the Series 2012 Bonds, the Sewer Intercap Loan, and the Series 2018A Bond (as defined in the Resolution). Simultaneously herewith, the Borrower is issuing its \$400,000 Subordinate Lien Sewer Improvement Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Taxable Series 2018B (the "Series 2018B Bond"). The 2018C First Advance has been advanced at Closing. Following the 2018C First Advance, the total amount of each advance will be split equally between the Series 2018B Bond and the Series 2018C Bond, until the entire amount of the Series 2018B Bond is advanced; provided that the initial advance shall include the 2018C First Advance. After the Series 2018B Bond is advanced in full, all advances will be from only the Series 2018C Bond.

Reference is made to the Resolution for a more complete statement of the terms and conditions upon which the Series 2018C Bond has been issued, the Net Revenues of the System pledged and appropriated for the payment and security thereof, the conditions upon which additional Bonds may be issued under the Resolution and made payable from such Net Revenues on a parity with the Series 2009B Bonds, the Series 2012 Bonds, the Sewer Intercap Loan, the Series 2018A Bond, this Series 2018C Bond, and any other parity Bond (collectively, the "Bonds") or otherwise, the conditions upon which the Resolution may be amended, the rights, duties and obligations of the Borrower, and the rights of the owners of the Series 2018C Bond.

The Borrower may prepay the principal of the Series 2018C Bond only if (i) a Determination Statement has been delivered, (ii) it obtains the prior written consent of the DNRC thereto, and (iii) no Loan Repayment or Administrative Expense Surcharge or Loan Loss Reserve Surcharge is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal prepaid. If the Series 2018C Bond is prepaid in part, such prepayments shall be applied to principal payments in inverse order of maturity.

The Series 2018C Bond, including interest and any premium, are payable solely from the Net Revenues pledged for the payment hereof and do not constitute a debt of the Borrower within the meaning of any constitutional or statutory limitation or provision.

The Borrower may deem and treat the person in whose name this Series 2018C Bond is registered as the absolute owner hereof, whether this Series 2018C Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and the Borrower shall not be affected by any notice to the contrary. The Series 2018C Bond may be transferred as hereinafter provided.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Borrower has duly authorized and will forthwith construct and complete the improvements to the System hereinabove described, that it will prescribe and collect reasonable rates and charges for all services and facilities afforded by the System, including all additions thereto and replacements and improvements thereof, and has created a special Sewer System Fund into which the gross revenues of the System will be paid, and a separate and special Debt Service Account in that Sewer System Fund, into which will be paid each month, from and as a first and prior lien on the Net Revenues then on hand, an amount equal to not less than the sum of one-sixth of principal and the interest to become due within the next six months with respect to all Bonds payable semi-annually from the Debt Service Account; that the Borrower has created a Reserve Account in the Sewer System Fund into which shall be paid additional Net Revenues, after required credits to the Debt Service Account, sufficient to establish and maintain a reserve therein equal to, as of the date of calculation, the Reserve Requirement; that the Debt Service Account will be used only to pay the principal of, premium, if any, and interest on the Series 2009B Bonds, the Series 2012 Bonds, the Sewer Intercap Loan, the Series 2018A Bond, the Series 2018C Bond and any other additional Bonds issued pursuant to the Resolution on a parity therewith; that the rates and charges for the System will from time to time be made and

kept sufficient, to provide gross income and revenues adequate to pay promptly the reasonable and current expenses of operating and maintaining the System and to produce in each fiscal year Net Revenues in excess of such current expenses, equal to at least 125% of the maximum amount of principal and interest payable from the Debt Service Account in any subsequent fiscal year and from and after repayment of the Series 2012 Bonds equal to at least 110% of the maximum amount of principal and interest payable from the Debt Service Account in any subsequent fiscal year; that additional Bonds and refunding Bonds may be issued and made payable from the Debt Service Account on a parity with the Series 2009B Bonds, the Series 2012 Bonds, the Sewer Intercap Loan, the Series 2018A Bond, the Series 2018C Bond and other parity Bonds upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues of the System, unless the lien thereof shall be expressly made subordinate to the lien of the Series 2009B Bonds, the Series 2012 Bonds, the Sewer Intercap Loan, the Series 2018A Bond, the Series 2018B Bond, and additional Parity Bonds on such Net Revenues and such obligations are payable only from Surplus Net Revenues (as is the case with the Series 2018B Bond); that all provisions for the security of the holder of this Series 2018C Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the ordinances and resolutions of the Borrower to be done, to exist, to happen and to be performed in order to make this Series 2018C Bond a valid and binding special obligation of the Borrower according to its terms have been done, do exist, have happened and have been performed as so required; and that this Series 2018C Bond and the premium, if any, and interest hereon are payable solely from the Net Revenues of the System pledged and appropriated to the Debt Service Account and do not constitute a debt of the Borrower within the meaning of any constitutional or statutory limitation or provision and the issuance of the Series 2018C Bond does not cause either the general or the special indebtedness of the Borrower to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City of Livingston, Park County, Montana, by its City Commission, has caused this Series 2018C Bond to be executed on its behalf by the facsimile or manual signatures of the Chairman, City Commission, City Manager and Finance Director and has caused this Series 2018C Bond to be dated as of the date set forth below.

Dated: February 7, 2018

**CITY OF LIVINGSTON, MONTANA**

\_\_\_\_\_  
Chairman, City Commission

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
Finance Director

ATTEST:

\_\_\_\_\_  
City Clerk



REGISTRATION AND TRANSFER

The Series 2018C Bond shall be fully registered as to both principal and interest. No transfer of the Bond shall be valid unless and until (1) the registered holder of the Series 2018C Bond, or his duly authorized attorney or legal representative, executes the form of assignment appearing on the Series 2018C Bond, and (2) the Clerk of the Commission as bond registrar (the "Registrar"), has duly noted the transfer on the Bond and recorded the transfer on the Registrar's registration books. The Borrower shall be entitled to deem and treat the person in whose name the Series 2018C Bond is registered as absolute owner thereof for all purposes, notwithstanding any notice to the contrary. Payments on account of the Series 2018C Bond shall be made only to the order of the registered holder thereof, and all such payments shall be valid and effectual to satisfy and discharge the Borrower's liability upon the Bond to the extent of the sum or sums so paid.

REGISTER

The ownership of the outstanding principal balance of the Series 2018C Bond and the interest accruing thereon is registered on the books of City of Livingston, Montana in the name of the registered holder appearing on the first page hereof or as last noted below:

<u>Date of Registration</u>	<u>Name and Address of Registered Holder</u>	<u>Signature of Clerk of the Commission</u>
February 7, 2018	Department of Natural Resources and Conservation 1625 Eleventh Avenue Helena. MT 59620	

THE FOLLOWING ENTRIES ARE TO BE MADE ONLY BY THE BOND REGISTRAR UPON REGISTRATION OF EACH TRANSFER

The Clerk of the Commission of the City of Livingston, Montana, acting as Bond Registrar, has transferred, on the books of the Borrower, on the date last noted below, ownership of the principal amount of and the accrued interest on the Series 2018C Bond to the new registered holder noted next to such date, except for amounts of principal and interest theretofore paid.

<u>Date of Transfer</u>	<u>Name of New Registered Holder</u>	<u>Signature of Bond Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

FORM OF ASSIGNMENT

For value received, the Series 2018C Bond is hereby transferred and assigned by the undersigned holder, without recourse,

to \_\_\_\_\_ on this \_\_\_\_\_ day  
of \_\_\_\_\_, \_\_\_\_\_.

By: \_\_\_\_\_  
(Authorized Signature)

For: \_\_\_\_\_  
(Holder)

SCHEDULE A  
SCHEDULE OF AMOUNTS ADVANCED

<u>Date</u>	<u>Advances</u>	<u>Total Amount Advanced</u>	<u>Notation Made By</u>

SCHEDULE B  
PAYMENT SCHEDULE

## APPENDIX C

ADDITIONAL AGREEMENTS, REPRESENTATIONS AND COVENANTS

none

## APPENDIX D

**\$6,900,000**  
**City of Livingston, Montana**  
**Sewer Improvement Revenue Bonds**  
**(DNRC Water Pollution Control State Revolving Loan Program),**  
**Consisting of \$400,000 Subordinate Lien Taxable Series 2018B Bond, and**  
**\$6,500,000 Series 2018C Bond**

**COMPLIANCE CERTIFICATE AND REQUEST**

We, Chairman, City Commission, City Manager and Finance Director, hereby certify that we are on the date hereof the duly qualified and acting Chair, City Commission, City Manager and Finance Director, respectively, of the City of Livingston, Montana (the “Borrower”), and that:

1. Pursuant to Resolution No. 3590 of the City adopted on December 6, 2004 (the “Original Resolution”), as amended and supplemented by a Resolution adopted on January 16, 2018 (the Original Resolution, as so amended and supplemented, the “Resolution”), the Borrower issued its (i) Subordinate Lien Sewer Improvement Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Taxable Series 2018B, dated, as originally issued, as of February 7, 2018, in the maximum aggregate principal amount of \$400,000 (the “Series 2018B Bond”) and (ii) Sewer Improvement Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2018C, dated, as originally issued, as of February 7, 2018, in the maximum aggregate principal amount of \$6,500,000 (the “Series 2018C Bond”). The Borrower has reviewed the Supplemental Resolution, including, without limitation, Articles II and III thereof, and the definitions relating thereto. The Borrower acknowledges and agrees that the Series 2018B Bond evidences a loan made to the Borrower from the DNRC from funds made available to the DNRC from the EPA Capitalization Grant, and that this Certificate is being relied upon by the DNRC for ensuring compliance with requirements applicable to the Borrower, the DNRC, and the 2017 Project (as hereinafter defined). Capitalized terms used herein without definition shall have the meanings given them in the Original Resolution or the Supplemental Resolution.

2. The Series 2018B Bond is issued to finance costs of construction and installation of various improvements to the System, generally described as the 2017 Project (the “2017 Project”) in the Supplemental Resolution and to pay costs of issuing the Series 2018B/C Bonds. Construction of the 2017 Project has complied with all federal and state standards, including, without limitation, EPA regulations and standards. The 2017 Project has been completed.

3. Costs of the 2017 Project in the amount of \$\_\_\_\_\_ have been paid as of the date of delivery of this Certificate. The Borrower hereby waives its right to any remaining 2018B Committed Amount not advanced or to be advanced upon delivery hereof. The Borrower specifically confirms and agrees that any remaining amounts of the 2018B/C Loans to be lent to the Borrower, if any, shall be evidenced by the Series 2018C Bond.

4. As of the date hereof, the Borrower has spent the following amounts in connection with the 2017 Project and costs related thereto:

<b>Professional Services</b>	
Debt Service Reserve	\$
Bond Counsel & Related costs	
Construction Engr. Services	
Construction	
TOTAL PROJECT COSTS	\$

Of such amounts, \$\_\_\_\_\_ were paid from advances of proceeds of the Series 2018B Bond.

5. The Trustee has delivered to the Borrower a copy of Schedule B to be attached to the Series 2018B Bond, which reflects the amortization of all advances made or to be made on the date hereof of proceeds of the Series 2018B Bond (i.e., \$\_\_\_\_\_). The Borrower hereby acknowledges and agrees that Schedule B has been calculated in accordance with the provisions of the Resolution and the Indenture, and that the Series 2018B Bond, with said Schedule B attached thereto, has been duly issued pursuant to the Resolution and is a valid and binding obligation of the Borrower in accordance with its terms and the terms of the Resolution; provided, however, if the DNRC delivers a Forgiveness Statement, the Borrower’s obligation to repay the principal of the Series 2018B Bond and interest and surcharges thereon is thereupon forgiven, and if the DNRC delivers a Noncompliance Certificate, amounts advanced under the 2018B Loan evidenced by the Series 2018B Bond shall bear interest from and after the first advance of principal of the Series 2018B Bond at the rate of two percent (2.00%) per annum and the Borrower shall pay currently with interest the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge, all as described in Sections 5.1.2 of the Supplemental Resolution authorizing the Series 2018B Bond.

6. The representations of the Borrower contained in Articles II and III of the Resolution are true and complete as of the date hereof as if made on this date, except to the extent that the Borrower has specifically advised the DEQ and the DNRC otherwise in writing.

7. No default in any covenant or agreement on the part of the Borrower contained in the Resolution has occurred and is continuing.

8. The Borrower is delivering this Certificate to the DNRC, in part, to ensure compliance with EPA regulations and standards. The Borrower certifies that all laborers and mechanics employed by contractors and subcontractors on the 2017 Project have been and will be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the United States Secretary of Labor in accordance with Subchapter IV of Chapter 31 of Title 40, United States Code, and that the iron and steel products used in the 2017 Project comply with the “American Iron and Steel” requirements of Section 436 of the Consolidated Appropriations Act of 2016 (P.L. 113-76), as those requirements are further interpreted by applicable EPA guidance.

9. The Borrower acknowledges and agrees that this Certificate completed by the Borrower in form satisfactory to the DNRC must be executed and delivered to the DNRC by the date that is 30 days after receipt of the form of this Certificate from the DNRC. By submitting this Certificate, the Borrower requests that the DNRC forgive the obligation of the Borrower to repay the principal of the Series 2018B Bond, together with interest and surcharges thereon. The Borrower acknowledges and agrees that (i) the forgiveness of principal of and interest and surcharges on the Series 2018B Bond by the DNRC is contingent on the timely delivery of this Certificate by the Borrower in satisfactory form as determined in the DNRC’s sole and complete discretion, (ii) the DNRC has no obligation to grant such forgiveness; and (iii) if the DNRC delivers to the Borrower a Noncompliance Certificate (a) the obligation of the Borrower to repay the principal of the Series 2018B Bond plus interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge thereon shall continue in full force and effect until the principal of the

Series 2018B Bond advanced and interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge thereon are paid in full, as set forth in Schedule B delivered pursuant to paragraph 5 above, and as provided in the Series 2018B Bond and the Supplemental Resolution, and (b) the Borrower shall, as necessary, within the 3-month period specified in the Resolution, adjust its rates and charges to produce Net Revenues and Surplus Net Revenues required by the rate covenant in the Supplemental Resolution.

WITNESS our hands on behalf of the Borrower as of this 1st day of February 7, 2018.

**CITY OF LIVINGSTON, MONTANA**

\_\_\_\_\_  
Chairman, City Commission

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
Finance Director

67842-1 (BWJ)  
11237317v3



**Backup material for agenda item:**

- C. RESOLUTION NO. 4776 - A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LIVINGSTON, MT ACCEPTING THE SEWER EXTENSION FOR HOMER TERRY DEVELOPMENT.



Livingston City Commission  
**LEGISLATIVE ACTION SUMMARY**  
Resolution 4776, 16 Jan 2018

**Requested by:** Michael J. Kardoes, City Manager

**Date of First Consideration/Status:** January 16, 2018, Approval to accept the Sewer Main extension in 11<sup>th</sup> Street per Section 14-13 of the Livingston Municipal Code.

**Purpose of Legislation:** City Commission acceptance of the Sewer Main Extension.

**Statutory Authority/Reference:** Livingston Municipal Code Section 14-13

**Background:** The 152 foot 8-inch sewer main extension was necessary for the development of 3 lots in the Palace Addition on 11 Street between Summit Street and Reservoir Street. The Developer hired CTA to generate plans and specification for the sewer main extension. The Sewer Extension was approved by DEQ on October 11, 2017. Construction started on January 2<sup>nd</sup>, 2018. Testing and inspection of the sewer main was completed on January 10, 2018.

**Staff Recommendation:** The City Manager recommends the City Commission approve and accept the sewer extension in 11<sup>th</sup> Street.

**Fiscal Impact:** There is a minimal fiscal impact for accepting this sewer extension. Future maintenance will be the responsibility of the Public Works Department.

**Regulatory Impact (local):** N/A

**Attachments:** Plan Sheet, Montana DEQ Approval Letter, Capacity Letter, Memo from the Public Works Director

**RESOLUTION NO. 4776**

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LIVINGSTON, MONTANA, ACCEPTING THE SEWER EXTENSIONS FOR HOMER TERRY DEVELOPMENT.**

**WHEREAS**, in connection with development and construction of homes in the Homer Terry Development in Livingston, Montana, located on 11<sup>th</sup> Street North, between West Reservoir Street and West Summit Street;

**WHEREAS**, the new sewer utility lines are connected to the City of Livingston’s existing sewer systems and are waiting for the City’s acceptance;

**WHEREAS**, the Code of Ordinances, City of Livingston, Montana provides that the City of Livingston’s sewer systems can be extended;

**WHEREAS**, the City of Livingston and property owner identified as Homer Terry Development, entered into an agreement whereby the property owner paid for the engineering and construction of the sewer extensions from the end of the city mains to the individual properties located in the Homer Terry Development; and

**WHEREAS**, the property owners and their engineer, and Public Works Director Shannon Holmes, on behalf of the City of Livingston, have both requested that the City of Livingston accept the aforementioned sewer into the City’s system;

**NOW, THEREFORE, BE IT RESOLVED**, by the City Commission of the City of Livingston, Montana, as follows:

That the sewer main extension in the Homer Terry Development, are hereby accepted into the City of Livingston’s sewer utility system.

**PASSED AND ADOPTED** by the City Commission of the City of Livingston, this \_\_\_\_\_ day of January, 2018.

---

**DORELL HOGLUND - Chairperson**

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**LISA HARRELD**  
Recording Secretary

\_\_\_\_\_  
**JAY PORTEEN**  
City Attorney

Shannon W. Holmes  
Public Works Director



Tom Schweigert  
Water / Sewer

Matt Whitman  
Project Manager

Craig Hahn  
Streets

Almira Johansson  
Administrative Assistant

Rich Stordalen  
Solid Waste

Dan Emter  
Waste Reclamation Facility

Eric Schneider  
Parks

330 Bennett Street  
Livingston, MT 59047  
Phone: (406) 222-5667

[www.livingstonmontana.org](http://www.livingstonmontana.org)

October 2, 2017

To Whom It May Concern  
Public Water and Subdivision Bureau  
Montana Department of Environmental Quality  
Billings Regional Office  
Airport Industrial Park IP-9  
1371 Rimtop Dr.  
Billings, MT 59105

**SUBJECT: North 11<sup>th</sup> Street Sewer Extension, Livingston, MT**

To Whom it May Concern:

CTA Architects Engineers in Livingston, MT requested this letter to satisfy a requirement of the MDEQ.

The subject property is located within the City of Livingston. As such, water and wastewater service is available. The public water and wastewater systems have sufficient capacity to handle the expected demands and flow from this property. The appropriate water rights exist for the proposed water service into this development. Service availability is subject to compliance with the rules, regulations, policies and ordinances of the City of Livingston Public Works Department.

The proposed structures will be served with public water and sanitary sewer from public water and sanitary sewer mains located in North 11<sup>th</sup> Street.

If you have any questions, please feel free to contact me at (406) 222-5667.

Sincerely,

  
Shannon Holmes

Public Works Director  
City of Livingston Public Works and Utilities



Caleb Minnick, PE  
CTA, Inc.  
PO Box 1153  
Livingston, Montana 59047

October 11, 2017

Re: North 11<sup>th</sup> Street Sewer Main Extension Livingston EQ# 18-1364

Dear Mr. Minnick:

Plans and specifications for the subject project have been reviewed by personnel of the Public Water Supply Plan Review Section and were found to be satisfactory. Approval of these plans is hereby given; a copy of the plans bearing the approval stamp of the Department is enclosed. Approval is based on the certified checklist, design report, and plans received October 4, 2017 under the seal of Caleb J. Minnick, 30613PE. The plans were reviewed in accordance with Department design standard DEQ-2. This project approval includes the extension of approximately 125 linear feet of 8-inch sanitary sewer in North 11<sup>th</sup> Street in Livingston.

This approval is issued with the following approved deviation from Department design standards: DEQ-2, Standard 38.2 to approve the engineer, instead of the municipality, certifying that there are no water works within 100 feet of the sewer main (Deviation No. DEQ2-1150).

Approval is given with the understanding that any deviation from the approved plans and specifications will be submitted to the Department for reappraisal and approval. Prior to operation of the public water system, certification must be submitted to the Department that the system, or portion of the system constructed, altered, or extended to that date, was completed in substantial accordance with plans and specifications approved by the department and there are no deviations from the design standards of the applicable circulars other than those previously approved by the Department. Within 90 days following completion of the project, a complete set of "as-built" record drawings must be signed, stamped and submitted to the Department. For a system or any portion of a system designed by a professional engineer, an engineer shall sign and submit the certification letter and "as-built" drawings to the Department. It is further understood that construction will be completed within three years of this date. If more than three years elapse before completing construction, plans and specifications must be resubmitted and approved before construction begins. This three-year expiration period does not extend any compliance schedule requirements pursuant to a Department enforcement action against a public water or sewage system.

Failure to abide by the above conditions is considered a significant violation of the Montana Public Water Supply Laws (PWSL), and the administrative rules promulgated there under. The applicant is responsible for compliance with all other applicable federal, state, local, and tribal law, regulations, and ordinances, including but not limited to, the Montana Water Use Act, Mont. Code Ann. Title 85, Chapter 2.

The applicant is responsible for compliance with all applicable federal, state, local, and tribal law, regulations, and ordinances. Approval in this document is limited solely to the matters therein specifically contained and does not constitute approval, implied or otherwise, for the purposes of any other law, regulation, or ordinance.

Department approval of this project covers only those portions of the plans and specifications that are subject to the Department's review authority under the Public Water Supply Laws (MCA 75-6) and the Administrative Rules promulgated thereunder (ARM 17.38). This approval does not cover items found within the plans and specifications that are outside of the Department's review authority, including but not limited to, electrical work, architecture, site grading or water and sewer service connections.

If I can offer any further information or assistance, please contact me at (406) 247-4455 or [mwaite@mt.gov](mailto:mwaite@mt.gov).

Sincerely,

Matthew Waite, PE  
Water Quality Division  
Billings Regional Office

cc: HT Construction  
Shannon Holmes, City of Livingston  
Park County Sanitarian  
File

Shannon W. Holmes  
*Public Works Director*

Matt Whitman  
*Project Manager*

Almira Johansson  
*Administrative Assistant*

330 Bennett Street  
Livingston, MT 59047  
Phone: (406) 222-5667



[www.livingstonmontana.org](http://www.livingstonmontana.org)

Tom Schweige  
*Water / Sewer*

127

Craig Hahn  
*Streets*

Rich Stordalen  
*Transfer Station*

Eric Schneider  
*Parks*

Dan Emter  
*Waste Reclamation Facility*

## Memo

DATE: January 10, 2017  
TO: Michael Kardoes  
FROM: Shannon Holmes  
RE: Acceptance of Sewer Main Extension for Homer Terry Development per Section 13-95 of the Livingston Municipal Code

I recommend the City of Livingston accept the 125 foot sewer main extension in 11<sup>th</sup> Street as part of the City system per Section 13-95 of the Livingston Municipal Code. The sewer main was constructed and tested per the City of Livingston standards. I have included the design plan sheet to provide details on the plan and profile of the sewer main extension. I would be happy to provide any additional information necessary for acceptance of the sewer main extension.

Thank you for your consideration,

  
Shannon Holmes  
Public Works Director

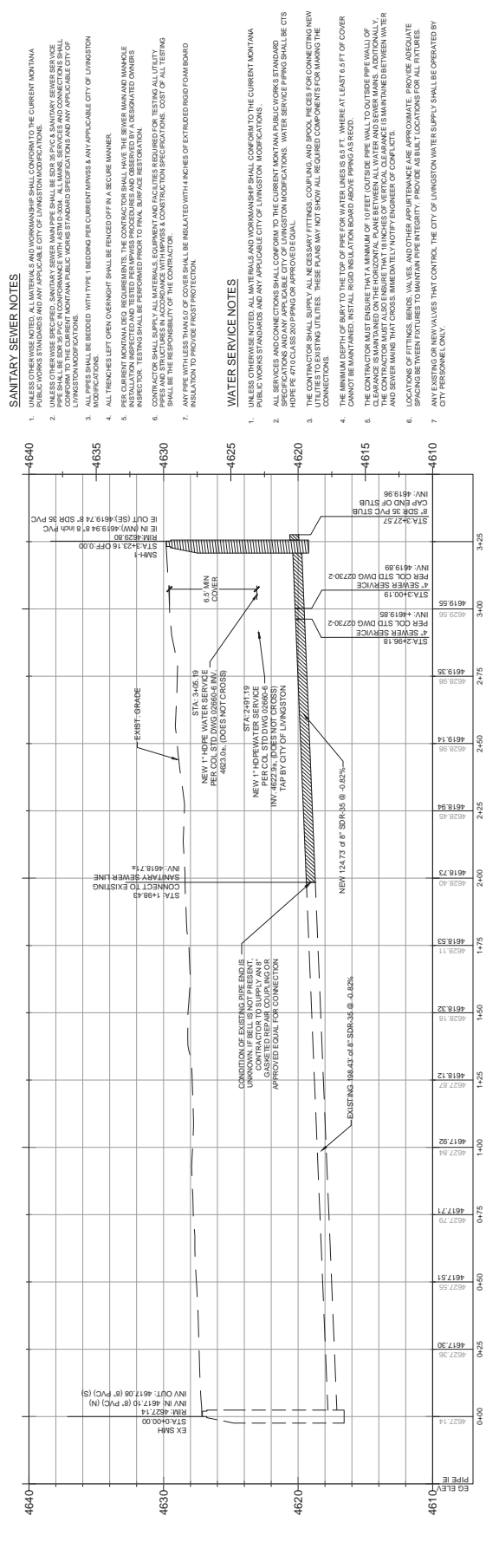
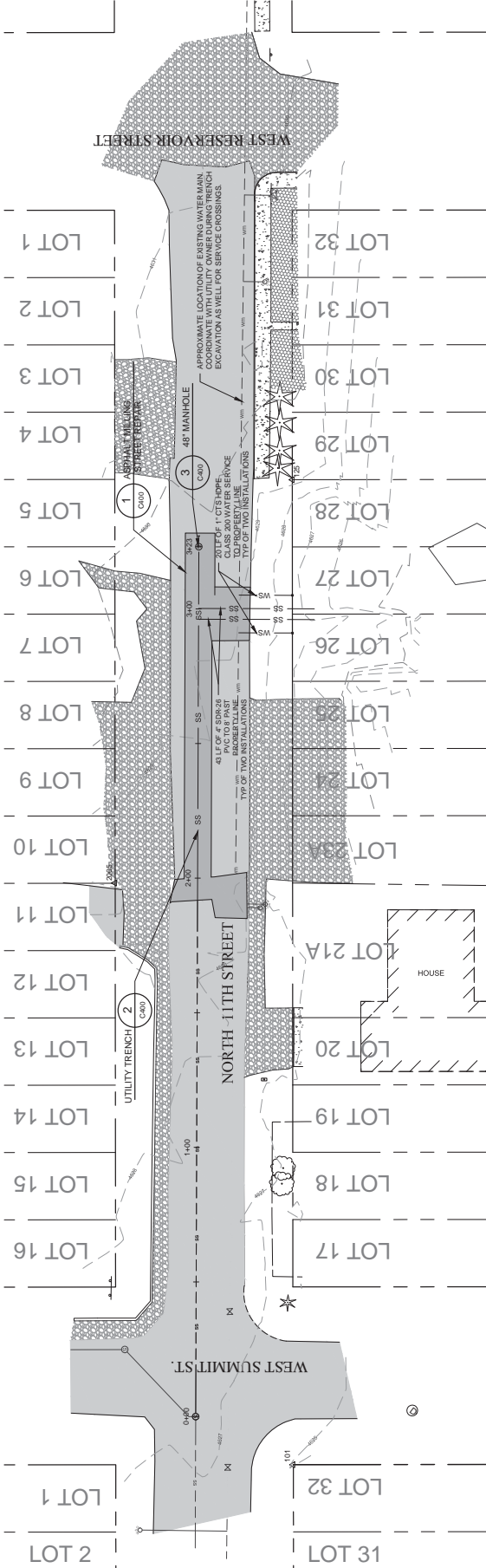


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CONSTRUCTION DOCUMENTS

092817  
1 SAUCER  
REVISIONS

SANITARY SEWER MAIN PLAN & PROFILE



**SANITARY SEWER NOTES**

- UNLESS OTHERWISE NOTED, ALL MATERIALS, WORKMANSHIP, AND CONNECTIONS SHALL CONFORM TO THE CURRENT MONTANA PUBLIC WORKS STANDARDS AND ANY APPLICABLE CITY OF LIVINGSTON MODIFICATIONS.
- UNLESS OTHERWISE SPECIFIED, SANITARY SEWER MAINS SHALL BE 30" PVC & SANITARY SEWER SERVICE PIPES SHALL BE 12" PVC IN CONFORMANCE WITH ASTM D 3034. ALL MAINS, SERVICES AND CONNECTIONS SHALL BE INSTALLED TO PERFORM AS DESIGNED. CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE APPLICABLE CITY OF LIVINGSTON MODIFICATIONS.
- ALL PIPES SHALL BE BEDDED WITH TYPE 1 BEDDING PER CURRENT MFWPS & ANY APPLICABLE CITY OF LIVINGSTON MODIFICATIONS.
- ALL TRENCHES LEFT OPEN OVERNIGHT SHALL BE FENCED OFF IN A SECURE MANNER.
- PER CURRENT MONTANA REG. REQUIREMENTS, THE CONTRACTOR SHALL HAVE THE SEWER MAIN AND MANHOLE INSTALLATION INSPECTED AND TESTED PER MFWPS PROCEDURES AND OBSERVED BY A DESIGNATED OWNER INSPECTOR. TESTING SHALL BE PERFORMED PRIOR TO FINAL SURFACE RESTORATION.
- PIPES AND STRUCTURES SHALL BE CONSTRUCTED IN ACCORDANCE WITH MFWPS & ANY APPLICABLE CITY OF LIVINGSTON MODIFICATIONS. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE APPLICABLE CITY OF LIVINGSTON MODIFICATIONS. COST OF ALL TESTING SHALL BE THE RESPONSIBILITY OF THE CONTRACTOR.
- ANY PIPE WITHOUT THICKNESS OF COVER SHALL BE INSULATED WITH 10 INCHES OF EXTRUDED RIGID FOAM BOARD INSULATION TO PROVIDE PROTECTIVE TROTTING.

**WATER SERVICE NOTES**

- ALL SERVICES INSTALLED, ALL MATERIALS AND WORKMANSHIP SHALL CONFORM TO THE CURRENT MONTANA PUBLIC WORKS STANDARDS AND ANY APPLICABLE CITY OF LIVINGSTON MODIFICATIONS.
- ALL SERVICES AND CONNECTIONS SHALL CONFORM TO THE CURRENT MONTANA PUBLIC WORKS STANDARD SPECIFICATIONS AND ANY APPLICABLE CITY OF LIVINGSTON MODIFICATIONS. WATER SERVICE PIPING SHALL BE 12" HDPE PIPE AT 47 TO CLASS 500 PIPING OR APPROVED EQUIVALENT.
- THE CONTRACTOR SHALL SUPPLY ALL NECESSARY FITTINGS, COUPLING, AND SPOOL PIECES FOR CONNECTING NEW SERVICES TO EXISTING UTILITIES. THESE PIPES MUST NOT SHOW ANY RECORDS OR MARKINGS FOR ANY OTHER CONNECTIONS.
- CANNOT BE MAINTAINED, INITIAL RIGID INSULATION BOARD ABOVE PIPING AS REQ'D.
- THE MINIMUM DEPTH OF BURY TO THE TOP OF PIPE FOR WATER MAINS IS 6.5 FT., WHERE AT LEAST 6.5 FT OF COVER IS MAINTAINED.
- THE CONTRACTOR MUST ENSURE THAT A MINIMUM OF 10 FEET (OUTSIDE PIPE WALL TO OUTSIDE PIPE WALL) OF CLEARANCE IS MAINTAINED BETWEEN WATER MAINS AND SEWER MAINS THAT CROSS. IMMEDIATELY NOTIFY ENGINEER OF CONFLICTS.
- LOCATIONS OF FITTINGS, BENDS, VALVES, AND OTHER APPURTENANCES ARE APPROXIMATE. PROVIDE ADEQUATE SPACING BETWEEN FITTINGS TO MAINTAIN PIPE INTEGRITY. PROVIDE AS-BUILT LOCATIONS FOR ALL FITTURES.
- ANY EXISTING OR NEW VALVES THAT CONTROL THE CITY OF LIVINGSTON WATER SUPPLY SHALL BE OPERATED BY CITY PERSONNEL ONLY.



**Backup material for agenda item:**

- D. RESOLUTION NO. 4777 - A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LIVINGSTON, MONTANA AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS WASTE WATER FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

**RESOLUTION NO. 4777**

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LIVINGSTON, MONTANA, AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS WASTE WATER FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.**

**WHEREAS**, the City of Livingston intends to obtain assistance from the U.S. Dept. of Agriculture in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued; and

**WHEREAS**, the City of Livingston requires to raise a portion of the cost of the Water Reclamation Facility by issuance of its bonds in the principal amount of \$5,000,000.00; and

**WHEREAS**, the U.S. Dept. of Agriculture requires a certain format for its resolutions; and

**WHEREAS**, the U.S. Dept. of Agriculture has presented the attached resolution (hereinafter attached as 'Attachment #1'); and

**NOW, THEREFORE, BE IT RESOLVED**, by the City Commission of the City of Livingston, Montana, as follows:

The City of Livingston authorizes and provides for the incurrence of indebtedness for the purpose of providing a portion of the cost of acquiring, constructing, enlarging, improving, and/or extending its waste water facility to serve an area lawfully within its jurisdiction to serve as stated in Attachment #1.

**PASSED AND ADOPTED** by the City Commission of the City of Livingston, this \_\_\_\_ day of January, 2018.

\_\_\_\_\_  
**DOREL HOGLUND - Chairman**

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**LISA HARRELD**  
Recording Secretary

\_\_\_\_\_  
**JAY PORTEEN**  
City Attorney

**LOAN RESOLUTION**  
(Public Bodies)

A RESOLUTION OF THE \_\_\_\_\_

OF THE \_\_\_\_\_  
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A  
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

\_\_\_\_\_ FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the \_\_\_\_\_

(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

\_\_\_\_\_ pursuant to the provisions of \_\_\_\_\_; and

**WHEREAS**, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

**NOW THEREFORE**, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.*



**CERTIFICATION TO BE EXECUTED AT LOAN CLOSING**

I, the undersigned, as \_\_\_\_\_ of the \_\_\_\_\_  
 hereby certify that the \_\_\_\_\_ of such Association is composed of  
 \_\_\_\_\_ members, of whom , \_\_\_\_\_ constituting a quorum, were present at a meeting thereof duly called and  
 held on the \_\_\_\_\_ day of \_\_\_\_\_ ; and that the foregoing resolution was adopted at such meeting  
 by the vote shown above, I further certify that as of \_\_\_\_\_ ,  
 the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been  
 rescinded or amended in any way.

Dated, this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_

Title \_\_\_\_\_

**Backup material for agenda item:**

- A. DISCUSS/APPROVE/DENY - City Manager Work Plan November 2017



Livingston City Commission  
**LEGISLATIVE ACTION SUMMARY**  
Action Item A, 16 Jan 2018

**Requested by:** Michael J. Kardoes, City Manager

**Date of First Consideration/Status:** First Consideration/Ready for Approval

**Purpose of Legislation:** Provide the City Manager with set goals for the current evaluation cycle. Establishes set projects and discrete metrics to measure progress. Aligns Commission and Community Expectations with Administration timelines.

**Statutory Authority/Reference:** Oversight of City Manager

**Background:** The Commission has expressed interest in measurable goals to use during City Manager evaluations. This document is an example of goals, with clear metrics, based on current work by the City Administration. If desired, this format can be utilized on a recurring 6-month or annual basis.

**Staff Recommendation:** Recommend approving City Manager Work Plan November 2017.

**Fiscal Impact:** None

**Regulatory Impact (local):** None

**Attachments:**

- Draft Work Plan

# City Manager's Work Plan

## Nov 2017 – Apr 2018

The City of Livingston is seeing a fast pace of development and change. The City Administration is heavily involved in multiple efforts as we look to provide the citizens with the best level of service possible at as low a cost as possible. The Administration has over 50 projects above and beyond day-to-day operations that have been identified as a need. In this type of environment, it is crucial to prioritize needs and ensure that progress can be shown on each priority. To that end, I have prepared a Work Plan to inform the Commission of the major priorities of the City Manager and to provide differing levels of goals to measure progress against. This is not a comprehensive list and does not reflect the only things that will be accomplished in this time frame, but it does define the major efforts the City Administration will focus on.

This product is not well aligned with the City Manager evaluation cycle but seeks to begin bringing the goals and evaluation cycle into alignment. As such, some of the work listed is well under way to meet the goals that have been set. An arbitrary date of 1 Apr 2018 has been selected to use as a checkpoint for each project. No project completions align with this date, but mile posts have been selected that show where each project should be on 1 Apr. This will keep the Work Plan aligned with the City Manager evaluation cycle, but gives concrete metrics that can be used to judge progress. While very few projects fall neatly into a given format, the desired presentation will include a Background on the project, a summary of Required Steps to complete the project and three levels of goals for each project: Threshold Goals (minimum acceptable progress), Median Goal (expected progress), Exceeds (progress beyond what is expected).

The City Manager's Work Plan is a new product that I hope aligns Manager and Commission expectations, informs the Commission and the Community on City priorities, and provides a measuring stick for City Manager performance. Please let me know if there are changes to this product that you think would make it more effective in reaching those goals.

Sincerely,

Michael J. Kardoes  
City Manager



**ITEM:** McNair Skatepark

**BACKGROUND:** The McNair Skatepark Committee and the City of Livingston has been working for over 7 years to develop a new gravity park. With continuing fundraising efforts, the Skatepark committee and the City of Livingston have completed the geotechnical work, site plan, final design and construction documents for the project.

**REQUIRED STEPS:** Advertised for Construction Bids on January 5, 2018  
Bid opening on January 25, 2018  
Construction

**THRESHHOLD GOAL:** Commission approval of Construction Contract

**MEDIAN GOAL:** Construction Scheduled for May start

**EXCEEDS:** Construction under way

**ITEM:** Prepare FY19 Budget

**Background:** In compliance with MCA 7-6-4030, an operating budget must be adopted annually. Management begins working on the budget in December of the year preceding and a final budget must be adopted.

**Required Steps:** The City Manager and Finance Director will meet with department heads to determine their budgetary needs in the upcoming fiscal year. Departments will submit their requests and, where appropriate, budget changes will be made. Upon completion of this process, a recommended budget it presented to the city commission for their input.

**Threshold Goal:** All requests will have been received from department heads.

**Median Goal:** Requests will be received and the process of budget cuts or other changes will be complete.

**Exceeds:** The City Manager’s Budget recommendations will be completed and presented to the commission.

**ITEM: Prepare FY19 CIP**

**Background:** In compliance with MCA 7-6-1602, capital needs are required to be considered and projected for 5 year periods to establish impact fees. While this process must only be completed for impact fees, the City has chosen to determine capital needs for all funds. This helps us to better understand what our long term capital needs are, how they will be funded, and determine their priority. With the exception of FY 18, this process has been completed annually for the past 7 years.

**Required Steps:** The City Manager and Finance Director will meet with department heads to receive their capital requests for the next 5 years and how they will be funded. Once requests have been received, projects will be ranked from most critical to least critical and assigned accordingly. Management recognizes not all requests can be approved in the year requested, especially in the general fund. For FY19, the CIP will become part of the budget document as opposed to its own stand-alone document as in previous years. This will be presented in the same manner as the FY19 budget.

**Threshold Goal:** All requests will have been received from department heads.

**Median Goal:** All capital requests will have been received and vetted for priority.

**Exceeds:** The City Manager's Budget recommendations will be completed and presented to the commission.

**ITEM: Execute FY 18 Budget**

**Background:** Part of ensuring adopted budgets are adhered to is reviewing budget vs. actual results on a regular basis. The City Manager and Finance Director review department budgets on a monthly basis to ensure they are meeting or exceeding budget expectations.

**Required Steps:** Determine budget vs. actual expectations for a given period of time, i.e. expectations is 50% or less of a departments budget has been expended as of December 2017. If expenditures are significantly over these expectations determine the reason. There are many reasons a particular line may exceed this 50%, especially if it is an annual payment due at the beginning of the fiscal year.

**Threshold Goal:** Most departments and/or funds are within the expectation.

**Median Goal:** All departments and funds are within the threshold of their annual budget.

**Exceeds:** Departments and funds are at less than their expected expenditures.

**ITEM: Implement and execute organization wide Performance Appraisal system**

Background: The City currently does not have a system in place to provide timely annual performance appraisals to staff and monitor and track compliance.

Required Steps:

1. Create comprehensive tool for use by Department Heads and Supervisors to evaluate staff efficiently, fairly and in keeping with City core values and mission.
2. Provide training to all supervisory staff about performing evaluations and creating focus on development of staff.
3. Provide all available regular staff with an updated performance appraisal by April 1, 2018.

**Threshold Goal:** Steps 1-2 completed

**Median Goal:** Steps 1-2 and 50% of staff evaluations completed

**Exceeds:** Steps 1-2 completed and 90% of staff evaluations completed (90% accounts for staff with known leaves or new hires who would be evaluated upon return or at a different time.)

**ITEM: Missouri River Task Force Officer**

Background: The City Commission tasked the City Manager with exploring options to fund a Missouri River Task Force Officer within the LPD. This funding should include the cost of a vehicle and initial equipment.

Required Steps:

- Analyze possible funding sources
- Initiate actions to utilize funding source
- Coordinate with the MRTF to complete the necessary agreements
- Advertise and hire an officer

**Threshold Goal:** Identify 2 possible funding sources

**Median Goal:** Provide a fully operational option for funding

**Exceeds:** Initiated procurement of funding

**ITEM: Green Acres**

Background: Green Acres subdivision, located on the northeast edge of Livingston, was platted in 1959 and was designed to use the City's water system from the beginning. The original developer extended the water system from Gallatin Street to the development and, at the time, it was agreed that this extension would be privately owned by the subdivision. The City does not maintain this system north of Gallatin Street. Any repair is the responsibility of the current Home Owners Association.

Green Acres has developed as single family homes on approximately ten-thousand square foot lots. Each home is served by the private water system (metered & billed by the City) and has an on-site septic system to handle sewage. This arrangement does not meet current DEQ requirements for on-site sewage systems. Any situation requiring replacement of a septic system requires exceptions to be made to sanitation rules.

In order to provide sewer, solid waste pick-up, city police and fire service to Green acres, it is proposed that this development be annexed. This would allow these properties to be taxed by the City and would legitimize the fact that they are already receiving fire and police coverage from the City. Upon annexation the City would form an SID to fund the sewer extension.

**Required Steps: 1) Annexation**

- A. Calculate SID costs for each lot.
- B. Calculate Total additional costs for each lot.
- C. Resolution of Intent
- D. Final Resolution

**2) Form SID**

- A. Resolution of Intent.
- B. Final Resolution.
- C. Create assessment roll.
- D. Sell bonds.
- E. Bid construction.

**3) Install Sewer system**

**Threshold Goal:** Have cost information to every lot owner

**Median Goal:** Annexation proceedings started

**Exceeds:** Final Annexation resolution (Step 1 D.) passed

**Item: Leadership Training and Professional Development**

Background: The City Commission has tasked the City Manager with developing City Staff in their roles and creating a professional workforce. To accomplish this task, training opportunities must be provided to staff and programs must be developed to maintain skills that are learned.

Required Steps: Identify type of training needed  
 Identify training/employee matches  
 Create an environment where professional development is valued  
 Provide training opportunities  
 Create maintenance programs

**Threshold Goal:** Identify training types needed within City Administration

**Median Goal:** Provide 2 training events for senior staff

**Exceeds:** Provide 2 training events for senior staff and design a maintenance program

**Item: City-County Compacts**

Background: The City Commission has tasked the City Manager to update all chapters of the City-County Compact, identify new chapters that need to be created, and eliminate unnecessary chapters. The City Commission has approved the first new chapter, Solid Waste, and the County Commission is currently reviewing prior to approval. The City-County Compact consisted of 8 chapters before it expired in the Spring of 2017. Most of the agreements are continuing under the expired guidance, however, formal updates are required.

Required Steps:  
 Revise all existing chapters  
 Eliminate or combine unnecessary chapters  
 Identify new required chapters  
 Ratify all updated and new chapters

**Threshold Goal:** Ratify the Solid Waste chapter and draft a chapter update

**Median Goal:** Ratify the Solid Waste chapter and another chapter and draft a second update

**Exceeds:** Ratify the Solid Waste chapter and 2 updated chapters

**Item: City Manager Professional Development**

Background: During the hiring process, two of the weaknesses of the current City Manager noted by the Commission were lack of experience and lack of formal experience in public administration. Executing the duties of City Manager will provide experience, however, formal education can be pursued through a degree program. There is no formal City program to assist the City Manager in professional education, however, it is still a duty of the City Manager to seek out education and training that is beneficial to the City.

**Required Steps:**

- Identify education opportunities that would most benefit the City
- Select a program that provides the most applicable skills
- Apply for an advanced degree
- Complete a degree program

**Threshold Goal:** Identify a desired degree program

**Median Goal:** Apply for a degree program

**Exceeds:** Gain acceptance and begin a degree program

**Item: Rectifying 2018 CAFR findings**

Background: Each year the City undergoes an audit to review our financial procedures and position. The FY 2017 CAFR contained a repeat finding under Item 2017-I-1 related to the financial processes between the City Court and the City Finance Office. This is a serious finding that requires a concerted effort to ensure that the processes are changed to ensure proper oversight of the funds managed through the City Court.

**Required Steps:**

- Review the auditor's findings to identify deficient areas
- Work with the newly elected City Judge to understand the current deficiencies
- Collaboratively develop a plan with the City Court to improve processes
- Implement the new procedures
- Analyze the new procedures for gaps in execution

**Threshold Goal:** Achieve an understanding of current deficiencies with the City Court and City Finance Office

**Median Goal:** Develop all required procedures to eliminate all identified deficiencies

**Exceeds:** Implement updated procedures and track effects on compliance

**ITEM: Manage Construction on Water Reclamation Facility (WRF) Project**

Background: The City completed a Preliminary Engineering Report for a wastewater System upgrade in 2013. The report analyzed a variety of treatment facility upgrades intended to address the current problems with the existing facility, future growth of Livingston and expected changes in the MPDES Permit. The recommended improvements included an oxidation ditch, sequencing batch reactor and A2O process. These processes were further analyzed in the Process Evaluation Report. The Process Evaluation Report recommended the ICEAS SBR system.

**Required Steps:**

- Preliminary Engineering Report (PER) Completed in 2013
- Process Evaluation Report completed in 2015
- RFP for Engineering Design in 2015
- Design starts in March 2016
- Design completed in March 2017
- Contractor started in August 2017
- Accept project from contractor

**Threshold Goal:** Project is on schedule, within budget, remaining contingency > 50%

**Median Goal:** Project is on schedule, within budget, remaining contingency > 60%

**Exceeds:** Contractor is ahead of schedule, project is on budget, remaining contingency >70%

**Item: Sewer Collection Preliminary Engineering Report (PER)**

Background: The City of Livingston Public was awarded a \$15,000 Treasure State Endowment Program (TSEP) grant for a PER of our Sewer Collection System. This document will model our sewer collection system and provide recommendations on sewer system improvements based on sewer capacity, age of the system, population and development growth within the city. The document will also look into the Inflow and Infiltration of the system. This document will be of immense value to our community for planning and subsequent budgeting for our CIP, determining utility rates and system development fees and sequencing of vital infrastructure construction.

Required Steps: Approval from TSEP to award or advertise the project for engineering services. Execute Professional Services Contract for engineering services. Engineer collecting data and producing draft for City Staff to review. Staff review and comments on draft. Engineer incorporating comments into final draft. Engineer provides final document for City Commission review and acceptance.

**Threshold Goal:** Professional Services Contract Executed, Data collection 75%, Draft report 10%

**Median Goal:** Professional Services Contract Executed, Data collection 100%, Draft report 25%

**Exceeds:** Professional Services Contract Executed, Data collection 100%, Draft report 75%

**Item: Downtown Streets Construction**

Background: The City of Livingston Public Works Department has been working on the plans and specifications for the Downtown Streets Project since winter 2016. The Downtown Projects were analyzed and phased in the Downtown Preliminary Engineering Report Document in 2015. This project was originally scheduled to start in the summer of 2017 but was pushed back due to the presence of vaults under the sidewalks in the project area and pending litigation. With completion of the vault fill in project in late 2017, Public Works has been diligently working on addressing the public concerns and finalizing the plans and bid specifications before advertising the project for construction bids. Construction of infrastructure in the downtown was phased into multiple years in order for the city to pay for the projects without debt service. The next two phases are designed to be built over one summer (two fiscal years). This includes Callender from 2<sup>nd</sup> to B Street, Main from Callender to Lewis, and Lewis from B Street to alley between Main and 2<sup>nd</sup>. This project will include new storm mains and inlets, water mains, sewer mains, streets, and sidewalks. This project also includes 6 blocks of water main replacement on 6<sup>th</sup> and 7<sup>th</sup> Street and 1 block of sewer main replacement between 9<sup>th</sup> and 10<sup>th</sup> Streets.

**Required Steps:**

- Advertise Bid
- Issue addendums
- Administer a pre-bid meeting with interested contractors
- Select a contractor
- Sign General Services contract
- Signe construction contract
- Hold a Preconstruction Meeting
- Start construction

Threshold Goal: Bid Complete, contractor selected

Median Goal: Bid complete, contractor selected, construction contract signed

Exceeds: Bid complete, contractor selected, construction contract signed, construction started



**Item: Northside Transportation Plan**

Background: The Northside Transportation Plan will determine the most viable future multimodal transportation system improvements within the Livingston Northside area.

**Required Steps:**

Engineer will collect data, analyze, and produce a draft document for staff to review  
City Staff will review and provide comments to engineer  
Engineer will incorporate comments and provide City with Final Document to review and present to the City Commission.

Threshold Goal: Data collection 100% complete, data analysis 50% complete, draft report 25% complete

Median Goal: Data collection 100% complete, data analysis 75% complete, draft report 50% complete

Exceeds: Data collection 100% complete, data analysis 100% complete, draft report 75% complete

**Backup material for agenda item:**

- B. DISCUSS/APPROVE/DENY - Review and discuss RECYCLEMT (f/k/a Four Corners Recycling) rough draft contract



Livingston City Commission  
**LEGISLATIVE ACTION SUMMARY**  
Action Item B, 16 Jan 2018

**Requested by:** Michael J. Kardoes, City Manager

**Date of First Consideration/Status:** Initial Review for Commission Input

**Purpose of Legislation:** The City is currently in negotiations on renewing the Recycling Contract with RecycleMT LLC.

**Statutory Authority/Reference:** Contracts

**Background:** The City is renewing the recycling contract with RecycleMT (previously 4 Corners Recycling). Initial rounds of negotiations have been ongoing and the provided draft shows much of the progress that has been made. This Action Item provides the Commission and initial look at the draft and allows for any concerns or interests to be communicated.

**Staff Recommendation:** None.

**Fiscal Impact:** See Attachments

**Regulatory Impact (local):** None

**Attachments:**

- Draft Contract
- Change Overview
- Financial Impact Spreadsheet

## Chapter # 1 - SOLID WASTE

**Expiration Date:** 08 October 2022

**Statutory Authority:** The City of Livingston and Park County are local governmental units of the State of Montana which from time to time have entered into Interlocal Agreements pursuant to 7-11-101 Montana Code Annotated (MCA) et seq. The County has previously created the Park County Refuse District and has the power and authority to govern the district by and through its general policy powers and under Title 7, Chapter 11.

**Purpose:** Park County and the City of Livingston government desires to maximize the efficiency, and cost-effectiveness, of its public solid waste services. Toward that end, a 2011 study and subsequent contract demonstrated that the City of Livingston's municipal transfer station provides an economical and convenient alternative for the disposal of Park County's solid waste.

The City of Livingston is willing to contract with Park County, for the disposal of Park County's solid waste. Such an arrangement does not include the provision of collection services to County residents (non-city) or businesses outside the city limits. Any municipally provided collection services, and the resulting costs, would be added to this chapter after a separate negotiation between Park County and the City of Livingston.

**Governance:** Sole responsibility for the policy and operation of the municipal transfer station, and all municipal solid waste activities, remains with the City of Livingston Solid Waste Division, Public Works Department, City Manager, and City Commission.

**Board Membership:** N/A

**Finances:** Each Park County solid waste vehicle delivering to the Livingston municipal transfer station will be weighed, on a state certified scale; and a receipt/log entry will record the vehicle, date, time, and weight of the solid waste. These records shall be used for the purpose of calculating a monthly invoice to Park County, from the City of Livingston, payment for which will be due within thirty days of receipt of invoice.

- **Municipal Waste** - Park County shall be charged a Transfer Station Operation and Maintenance Fee (TSOMF) of \$22.37 combined with a Transfer and Landfill Fee (TLF) of \$45.63 for municipal waste disposed of from county collection operations. Transfer and Landfill Fee will be a direct cost transfer from Montana Waste Systems. If Park County disposes less than 7,000 tons/year of total waste (excluding green waste), Park County will be back charged any additional cost accrued according to the Montana Waste Systems Contract. Any yearly increases in cost/ton from Montana Waste Systems will be charged to the county.

The Transfer Station Operation and Maintenance Rate shall be subject to increase July 1 of each successive calendar year. The amount of which shall be calculated by adding to the base rate for immediately preceding year as follows:

Base Rate = TSOMF

Annual Base Rate Adjustment = [1.0 (CPI)] x the Base Rate for the preceding year

Total Fee = Base Rate + TLF

Total Fee Year 1 = Base Rate (\$22.37) + TLF (\$45.63) = \$68

In no event shall the Annual Adder exceed five percent of the base rate for the preceding year.

Park County Disposal Vehicles will only be allowed access to the Transfer Station during normal business hours (public hours) unless arrangements are made with the City of Livingston Public Works Department. Park County has no jurisdiction over the operational changes made within the City of Livingston's Solid Waste Department. The City of Livingston will coordinate and communicate any operational changes that will affect Park County operations a minimum of 30 days prior to implementation.

All other acceptable waste types will be charged at the same rate charged to Livingston Businesses. Other waste types are listed below:

- Construction Waste
  - Green Waste
  - Vehicle Batteries
  - Engine Oil
  - Antifreeze
  - Tires
  - Metal Goods
  - Water Heaters, Washers, Dryers, Stoves/Ranges
  - Refrigerators or Freezers Tagged "Freon Removed"
  - Refrigerators or freezers with Freon
  - Carcasses
- **Recycling** - Park County government will contribute \$375/month toward the operational costs of the municipal recycling center located at the municipal transfer station. In return for this remuneration, Park County (non-city) residents are allowed to bring recyclable materials to the municipal recycling center, free of charge. Any significant changes to this partnership, beyond what is currently in place, will be accomplished by further negotiation and subsequent modification/approval of this chapter.
  - **Hazardous/Unacceptable/Special Waste** - Park County government shall incur any costs related to the delivery of any waste delivered by Park County government to the City of Livingston's municipal transfer station, which meets the definition of hazardous, unacceptable, or special waste, as defined in the definitions section (Article I) of the contract between the City of Livingston and Montana Waste Systems (dated 9/19/2017), and provided here as Attachment A. Further, Park County government agrees, that in the event they deliver such waste to the municipal transfer station, they will take all steps necessary, at their cost, to comply with Article III and Article IV of the contract between the City of Livingston and Montana Waste Systems (dated 9/19/2017).
  - **Park County Collection Boxes** – Collection boxes for park county users with a solid waste “tag” will not be located at the Transfer Station and/or on Livingston property unless negotiated separately and added to this compact.

- **Green Waste** - Park County residents and Park County governmental departments will be allowed to dispose of green waste for free with the stipulation that Park County participates in monitoring green waste burns and the hauling of green waste to Swingley Road Compost Site twice a year. Park County Fair Disposal of straw, wood chip and manure will be charged at \$15.00/ton or can be hauled directly to Swingley Road Compost Site.
- **Collection Services** – If a residence or business outside of city limits requests waste collection services from the City of Livingston they may be provided the service at a rate the City deems appropriate. Any and all negotiation on decreasing county refuse assessment cost will be strictly between the entity requesting service and Park County.

**Contract Administration:** Sole responsibility for the policy and operation of the municipal transfer station, and all municipal solid waste activities, remains with the Public Works Department, City Manager, and City Commission.

**Staff Relationships:** City of Livingston staff will lead any solid waste joint operations, however, Park County will retain all supervisory rights and responsibilities for Park County staff.

**Employment Records:** N/A

**Professional Contracts:** Solid Waste Hauling and Disposal Agreement, 23 Jan 2008 and the Addendum dated 19 Sep 2017.

**Reporting:** The City of Livingston will provide monthly invoices, and copies of source documents. As requested, the City of Livingston will provide any other available data, operational or financial, with respect to solid waste disposed of by Park County, at the municipal transfer station.

**DATED** this 14 day of November, 2017.

**CITY OF LIVINGSTON**

**COUNTY OF PARK**

Michael J Kardoes  
Michael Kardoes – City Manager

Steve Caldwell  
Steve Caldwell  
Park County Commissioner

Clint Tinsley  
Clint Tinsley  
Park County Commissioner

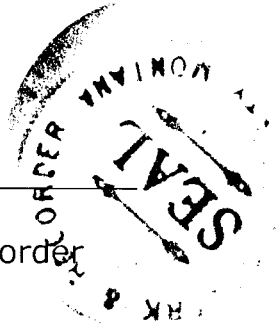
Bill Berg  
Bill Berg  
Park County Commissioner

**ATTEST:**

Lisa Harreld  
Lisa Harreld – Recording Secretary

**ATTEST:**

Maritza Reddington  
Maritza Reddington  
Park County Clerk and Recorder



**APPROVED AS TO FORM:**

Jay Porteen  
Jay Porteen  
Livingston City Attorney

**APPROVED AS TO FORM:**

Bruce Becker  
Bruce Becker  
Park County Attorney

CITY OF LIVINGSTON

JAN-DEC 10 2017

		PULLS	TONS
Triple bins	PLASTIC	86	26.64
	MIXED CANS	86	14.79
	ONP	86	88.51
	OCC	33	123.5
	mixed metal	55	167.59

CURRENT PULL CHARGE \$165

PROPOSED PULL CHARGE \$175 5.7% INCREASE

TOTAL PULLS 174 \$1740 INCREASE

CURRENT PLASTIC PROCESSING \$110 21%

PROPOSED PLASTIC PROCESSING \$140 \$799.20

PROPOSED TERM JANUARY 2018-DECEMBER 2019



CITY OF LIVINGSTON

12/19/2017

GLASS PROPOSAL

1. 2 ROLL OFF BOXES (WE WOULD PROVIDE THE SECOND BOX FOR THE BALANCE OF THE FISCAL YEAR AT NO CHARGE)
2. \$175 PER PULL
3. .03 CENTS PER PD CHARGE.
4. LIVINGSTON USES THEIR BACK HOE TO HELP CRUSH GLASS IN BOX
5. WILL BOX AND SHIP TO MOMENTUM AND CONTINUE TO DEVELOP LOCAL MARKETS.
6. TERM OPEN TO DISCUSSION

4 tons / roll off

Cement slab crushing higher density

5<sup>th</sup> of February → New Contract

Meeting Week of 8<sup>th</sup> January

**Material Processing Costs**

<b>Material</b>	<b>Yearly Tonnage</b>	<b>Current Cost</b>	<b>Proposed Cost</b>	<b>Yearly Cost Difference</b>
Plastic	26.64	\$ 110.00	\$ 140.00	\$ 799.20
Mixed Cans	14.79	\$ -	\$ -	\$ -
Mixed Paper	88.51	\$ -	\$ -	\$ -
Cardboard	123.5	\$ -	\$ -	\$ -
Mixed Metal	167.59	\$ -	\$ -	\$ -
Glass*	208	\$ -	\$ 60.00	\$ 12,480.00

**Total w/ Glass \$ 13,279.20**  
**Total W/o Glass \$ 799.20**  
**Total FY18 Remaining Cost w/ Glass \$ 5,533.00**  
**Total FY18 Remaining Cost w/o Glass \$ 333.00**

**Material Transport Cost**

<b>Material</b>	<b>Yearly Pulls</b>	<b>Current Cost</b>	<b>Proposed Cost</b>	<b>Yearly Cost Difference</b>
Triple Bin	86	165	175	\$ 860.00
Cardboard	33	165	175	\$ 330.00
Mixed Metal	55	165	175	\$ 550.00
Glass*	52	0	175	\$ 9,100.00

**Total w/ Glass \$ 10,840.00**  
**Total W/o Glass \$ 1,740.00**  
**Total FY18 Remaining Cost w/ Glass \$ 4,516.67**  
**Total FY18 Remaining Cost w/o Glass \$ 725.00**  
  
**Total Fiscal Impact w/ Glass \$ 24,119.20**  
**Total Fiscal Impact w/o Glass \$ 2,539.20**  
**Total FY18 Remaining Cost w/ Glass \$ 10,049.67**  
**Total FY18 Remaining Cost w/o Glass \$ 1,058.00**

\*Four Corners has not been providing glass recycling services previously