

RESOLUTION NO. 3486

RESOLUTION RELATING TO UP TO \$1,238,000 SPECIAL IMPROVEMENT DISTRICT NO. 1 BONDS; PRELIMINARILY AUTHORIZING THE ISSUANCE AND PRIVATE NEGOTIATED SALE THEREOF; AUTHORIZING THE PROCESS FOR SELECTING A PURCHASER THEREOF; AND AUTHORIZING THE PLEDGE OF THE REVOLVING FUND TO THE SECURITY THEREOF AND RELATED MATTERS

BE IT RESOLVED by the City Council (the "Council") of the City of Red Lodge, Montana (the "City"), as follows:

Section 1. Recitals and Statutory Authorization.

1.01. Prior Acts. This Council has duly and validly created and established in the City under Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended (the "Act"), a Special Improvement District, designated as Special Improvement District No. 1 (the "District"), for the purpose of financing the costs of design, engineering and construction of street improvements and related improvements in the District (the "Improvements") and paying costs incidental thereto, including costs associated with the sale and the security of one or more special improvement district bonds drawn on the District (such bond or bonds referred to herein as the "Bonds"), the creation and administration of the District, the funding of a deposit to the City's Special Improvement District Revolving Fund (the "Revolving Fund"), and the funding of a reserve account securing the Bonds in the District fund (the "Reserve Account").

1.02. Proposed Bond Issue. The City proposes to issue special improvement district bonds drawn against the District in the maximum estimated principal amount of up to \$1,238,000 to pay the costs of the Improvements. The Bonds are to be payable primarily from special assessments to be levied against property in the District, which property will be specially benefited by the Improvements. Assessments will be levied against the property in the District in an amount not less than the principal amount of the Bonds to be issued and will bear interest at a rate that is not less than fifty basis points above the average annual interest rate on the Bonds then outstanding.

The costs of the Improvements and incidental costs are currently estimated to be as follows:

Construction/Engineering Costs	\$ 938,700.00
Miscellaneous Costs	50,000.00
Costs of Issuance and Related Incidentals	125,000.00
District Reserve Account	61,900.00
Deposit to Revolving Fund	61,900.00
Rounding	<u>500.00</u>
Total Estimated Principal Amount of Bonds	\$1,238,000.00
City Administration Costs	<u>\$61,900.00</u>
TOTAL ESTIMATED PROJECT COST	\$1,299,900.00

City administration costs are expected to be contributed by the City and not paid from proceeds of the Bonds.

1.03. Negotiated Sale. Pursuant to Montana Code Annotated, Sections 7-12-4203 and 17-5-107, the City may sell the Bonds at a public or a private negotiated sale as the governing body shall determine.

## Section 2. Sale and Term of Bonds.

2.01. Private Negotiated Sale; Authorized City Officials. The Council hereby determines it is in the best interest of the City to sell the Bonds at a private negotiated sale and desires to solicit bids from banks or other financial institutions in an effort to obtain a favorable interest rate on the Bonds. The Mayor and the City Clerk-Treasurer are hereby authorized to select one or more purchasers (the "Purchaser") of the Bonds and to negotiate the sale thereof, subject to Section 2.02 hereof.

2.02. Pricing and Terms. The Bonds shall be sold to the Purchaser on the terms and at a purchase price subject to the following limitations and conditions: (1) the aggregate principal amount of the Bonds shall not exceed \$1,238,000; (2) the interest on the Bonds shall not exceed 5.50%; (3) the purchase price of the Bonds shall not be less than 100% of the principal amount thereof; (4) the term of the Bonds shall not exceed 15 years; (5) the Bonds shall be payable from special assessments to be levied against property benefited by the Improvements; and (6) the Bonds shall be callable from the prepayment of special assessments.

All costs of issuing the Bonds (including, without limitation, the fees and expenses of Dorsey & Whitney LLP, the City's Bond Counsel) shall be paid by the City as part of the financing from proceeds of the Bonds or other available sources.

2.03. Bond Purchase Agreement. The Mayor and the City Clerk-Treasurer are hereby authorized and directed to approve the final principal amount of the Bonds, dated date, term, payment dates and installment amounts, interest rates, and redemption provisions of the Bonds, subject to the limitations contained in the preceding paragraph and the Act. Upon approving such terms, the Mayor and the City Clerk-Treasurer are hereby authorized and directed to negotiate, approve, execute and deliver to the Purchaser a bond purchase agreement (the "Bond Purchase Agreement"), containing the agreement of the City to sell, and the agreement of the Purchaser to purchase, the Bonds on the terms so approved, and containing such other provisions as such officers shall deem necessary and appropriate. In the event of the absence or disability either of the Mayor or the City Clerk-Treasurer, another Council member or a designee of the Mayor shall make such approvals and execute and deliver the Bond Purchase Agreement. The execution and delivery by two appropriate officers of the City of the Bond Purchase Agreement shall be conclusive as to the approval of such officers of the terms of the Bonds and the agreement of the City to sell the Bonds on such terms in accordance with the provisions thereof.

The form of the Bonds and the final terms and conditions thereof shall be prescribed by a subsequent resolution to be adopted by this Council.

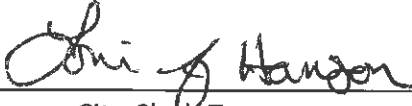
Section 3. Pledge of Revolving Fund. In the resolution of intention to create the District adopted on April 24, 2018, and the resolution creating the District adopted on May 22, 2018, this Council found it to be in the public interest, and in the best interest of the properties specially benefitting from the Improvements and the City, to secure payment of principal of and interest on the Bonds by the Revolving Fund and authorized the City to enter into the undertakings and agreements authorized in the Act in respect of the Bonds, based on the factors required to be considered under Section 7-12-4225(4) of the Act. Those findings and determinations are hereby ratified and confirmed. It is hereby covenanted and recited that the City has the power under the Act to pledge the Revolving Fund to payment of the principal of and interest on the Bonds. The City will secure the repayment of the Bonds by the Reserve Account.

PASSED AND APPROVED by the City Council of the City of Red Lodge, Montana, this 24th day of July, 2018.



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Mayor

Attest:



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City Clerk-Treasurer