CITY OF POLSON COMMISSION
AGENDA

COMMISSION CHAMBERS **May 4, 2015** **7:00 P.M.**

1. CALL TO ORDER
Mayor Knutson

2. PLEDGE OF ALLEGIANCE
Mayor Knutson

3. APPROVAL OF PROPOSED AGENDA
Mayor Knutson

4. PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC NOT ON THE AGENDA (address items to the Chair. Commission takes no action on items discussed

5. CONSENT AGENDA

a. Claims April 16-29, 2015
b. City Commission Meeting Minutes April 20, 2015
c. Finance Officer Bank Reconciliation December 31, 2013
d. Finance Officer Bank Reconciliation January 31, 2014

6. CITY MANAGER COMMENTS
City Manager Mark Shrives

NEW BUSINESS

7. APPROVE THE FIRST READING OF AN ORDINANCE TO ADOPT CHAPTER 3, ARTICLES 4. STORMWATER, ARTICLE 5. UTILITY POLES, ARTICLE 6. PUBLIC WORKS STANDARDS AND ARTICLE 7. INFRASTRUCTURE REBATE TO THE CITY OF POLSON BOOK OF ORDINANCES
City Manager Mark Shrives

8. APPROVE A RESOLUTION TO ADOPT FEES FOR THE EXCAVATION OF CITY PROPERTY OR RIGHT OF WAY
City Manager Mark Shrives

9. APPOINTMENT OF THE ECONOMIC DEVELOPMENT COUNCIL
City Manager Mark Shrives

10. RECESS TO TABULATE BALLOTS

11. RECONVENE

12. COVE DELI & PIZZA REQUESTING A WAIVER TO THE OPEN CONTAINER ORDINANCE, STREET CLOSURE
Ken Avison, & Kevin Avison, Cove Deli & Pizza

13. APPROVE A RESOLUTION RELATING TO THE ISSUANCE BY THE CITY OF POLSON OF ITS $463,000 WATER SYSTEM REVENUE BOND (DNRC DRINING WATER STATE REVOLVING LOAN PROGRAM), CONSISTING OF $231,500 SUBORDINATE LIEN TAXABLE SERIES 2015A BOND AND $231,500 SERIES 2015B BOND; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF AND AMENDING RESOLUTION NO. 999 REGARDING RESERVE REQUIREMENTS, ADDITIONAL BONDS AND RATE COVENANTS

Finance Officer Cindy Dooley

14. DISCUSS/DIRECTION ON FIRE REPORT

City Manager Mark Shrives

15. ADJOURN

For doc #s from 120480 to 120589

5a.

Fund	Department Name (Account)	Vendor #/Name	Description	Amount
1000 General All-Purpose Fund	214550 Deposits Payable -	999999 XI ALPHA GAMMA CHAPTER	FACILITIES-CLN DEP R	100.00
1000 General All-Purpose Fund	341085 Variance/Zoning Fees	999999 MIKE ROBERTS	PLANNING-REFUND VARI	250.00
1000 General All-Purpose Fund	341085 Variance/Zoning Fees	999999 MIKE ROBERTS	PLANNING-12 CERTIFIE	72.00
1000 General All-Purpose Fund	410360 Municipal Court	4203 MJC & MCCA	COURT-J HART ANNUAL	35.00
1000 General All-Purpose Fund	410360 Municipal Court	2379 RELIABLE OFFICE SUPPLY	COURT-SHARED BOX ENV	24.10
1000 General All-Purpose Fund	410360 Municipal Court	2379 RELIABLE OFFICE SUPPLY	COURT-LIPTON TEA	6.29
1000 General All-Purpose Fund	410360 Municipal Court	3428 A. DOUG OLSON	COURT-DO TRAVEL MEAL	101.00
1000 General All-Purpose Fund	410360 Municipal Court	3428 A. DOUG OLSON	COURT-DO TRAVEL MILE	150.31
1000 General All-Purpose Fund	410360 Municipal Court	000150 PETTY CASH FUND	COURT-MISC PURCHASE	18.56
1000 General All-Purpose Fund	410400 Administrative Services	4908 DAVID NEWBURN	ADMIN-FLAG CERT CLAS	10.00
1000 General All-Purpose Fund	411200 Facilities (Shared Costs)	2651 MISSOULIAN	FACILITIES-AD FOR JA	34.20
1000 General All-Purpose Fund	411200 Facilities (Shared Costs)	4605 THIRD EYE TECHNOLOGIES,	FACILITIES-PHONE TRB	66.25
1000 General All-Purpose Fund	411200 Facilities (Shared Costs)	000011 MISSION VALLEY POWER	FACILITIES-CITY HALL	236.88
1000 General All-Purpose Fund	411200 Facilities (Shared Costs)	000011 MISSION VALLEY POWER	FACILITIES-FIRE HALL	144.05
1000 General All-Purpose Fund	411200 Facilities (Shared Costs)	000011 MISSION VALLEY POWER	FACILITIES-HVAC SYST	402.74
1000 General All-Purpose Fund	411200 Facilities (Shared Costs)	4062 WEST COAST PAPER	FACILITIES-PAPER PRO	108.57
1000 General All-Purpose Fund	411200 Facilities (Shared Costs)	000150 PETTY CASH FUND	FACILITIES-MISC PURC	47.90
1000 General All-Purpose Fund	420140 Crime Control and	2379 RELIABLE OFFICE SUPPLY	POLICE-SHARED BOX EN	24.09
1000 General All-Purpose Fund	420140 Crime Control and	2379 RELIABLE OFFICE SUPPLY	POLICE-ZIPLOC STORAG	44.99
1000 General All-Purpose Fund	420140 Crime Control and	2379 RELIABLE OFFICE SUPPLY	POLICE-STORAGE BOXES	61.77
1000 General All-Purpose Fund	420140 Crime Control and	2379 RELIABLE OFFICE SUPPLY	POLICE-S&H	1.48
1000 General All-Purpose Fund	420140 Crime Control and	000011 MISSION VALLEY POWER	POLICE-STORAGE SHED	63.84
1000 General All-Purpose Fund	420140 Crime Control and	000026 POLSON AUTO PARTS, INC.	POLICE-HEADLIGHT BUL	33.48
1000 General All-Purpose Fund	420140 Crime Control and	000026 POLSON AUTO PARTS, INC.	POLICE-5W30 MOTOR OI	7.58
1000 General All-Purpose Fund	420140 Crime Control and	000282 QUILL CORPORATION	POLICE-OFFICE SUPPLY	34.82
1000 General All-Purpose Fund	420140 Crime Control and	000282 QUILL CORPORATION	POLICE-OFFICE SUPPLY	58.47
1000 General All-Purpose Fund	420140 Crime Control and	000282 QUILL CORPORATION	POLICE-OFFICE SUPPLY	75.18
1000 General All-Purpose Fund	420140 Crime Control and	000282 QUILL CORPORATION	POLICE-OFFICE SUPPLY	18.99
1000 General All-Purpose Fund	420140 Crime Control and	4436 LES SCHWAB TIRES	POLICE-HANDTRUCK TI	62.00
1000 General All-Purpose Fund	420140 Crime Control and	2074 VERIZON WIRELESS	POLICE-CELL PHONE SE	294.46
1000 General All-Purpose Fund	420140 Crime Control and	2379 RELIABLE OFFICE SUPPLY	POLICE-OFFICE SUPPLY	65.04
1000 General All-Purpose Fund	420140 Crime Control and	000034 WESTERN BUILDING CENTER	POLICE-3D PADLOCK	119.88
1000 General All-Purpose Fund	420140 Crime Control and	000034 WESTERN BUILDING CENTER	POLICE-ASST FIR PROD	176.49
1000 General All-Purpose Fund	420140 Crime Control and	000034 WESTERN BUILDING CENTER	POLICE-PRODUCT RETUR	-119.88
1000 General All-Purpose Fund	420140 Crime Control and	001674 GALLS, AN ARAMARK COMPANY	POLICE-NAMEPLATE ENG	17.94
1000 General All-Purpose Fund	420400 Fire Protection and	001566 MSU FIRE SERVICES	FIRE-OFFICER DEV OP	630.00
1000 General All-Purpose Fund	420400 Fire Protection and	4148 MUNICIPAL EMERGENCY	FIRE-FACEPIECE	782.25
1000 General All-Purpose Fund	420400 Fire Protection and	3616 PHYSIO-CONTROL INC	FIRE-317 LADDER A E	111.50
1000 General All-Purpose Fund	420400 Fire Protection and	3958 BRUCE GERLACH	FIRE-BG TRAVEL MEALS	92.00
1000 General All-Purpose Fund	420400 Fire Protection and	2932 MARTIN GLASSON	FIRE-MG TRAVEL MEALS	92.00
1000 General All-Purpose Fund	420400 Fire Protection and	000026 POLSON AUTO PARTS, INC.	FIRE-SEAT COVER	166.10
1000 General All-Purpose Fund	420400 Fire Protection and	2932 MARTIN GLASSON	FIRE-FUEL FOR VEH TO	82.16
1000 General All-Purpose Fund	420400 Fire Protection and	001566 MSU FIRE SERVICES	FIRE-TRAINING CLASS	585.00
1000 General All-Purpose Fund	420400 Fire Protection and	000150 PETTY CASH FUND	FIRE-MISC PURCHASE	2.68
1000 General All-Purpose Fund	420540 Land Use	000150 PETTY CASH FUND	PLANNING-MISC PURCHA	82.24
1000 General All-Purpose Fund	430240 Road and Street	000011 MISSION VALLEY POWER	STREETS-CITY SHOP	200.42
1000 General All-Purpose Fund	430240 Road and Street	4908 DAVID NEWBURN	STREETS-FLAG CERT CL	235.00
1000 General All-Purpose Fund	430240 Road and Street	4825 IBS, INC	STREETS-BI-METAL HOL	314.76
1000 General All-Purpose Fund	430240 Road and Street	000034 WESTERN BUILDING CENTER	STREETS-40W BULB	1.99
1000 General All-Purpose Fund	430240 Road and Street	000034 WESTERN BUILDING CENTER	STREETS-ASST FASTENE	2.39
1000 General All-Purpose Fund	430240 Road and Street	000034 WESTERN BUILDING CENTER	STREETS-LEVER	5.49
1000 General All-Purpose Fund	460430 Parks	000011 MISSION VALLEY POWER	PARKS-CITY PARKS	224.85

For doc #s from 120480 to 120589

Fund	Department Name (Account)	Vendor #/Name	Description	Amount
1000 General All-Purpose Fund	460430 Parks	000011 MISSION VALLEY POWER	PARKS-KERR DAM/BB FI	3.92
1000 General All-Purpose Fund	460430 Parks	000011 MISSION VALLEY POWER	PARKS-SACAJAWEA PARK	9.07
1000 General All-Purpose Fund	460430 Parks	000026 POLSON AUTO PARTS, INC.	PARKS-'99 DODGE DAKO	42.51
1000 General All-Purpose Fund	460430 Parks	000026 POLSON AUTO PARTS, INC.	PARKS-ASSORTED PARTS	16.97
1000 General All-Purpose Fund	460430 Parks	000026 POLSON AUTO PARTS, INC.	PARKS-VALVE CVR GASK	21.88
1000 General All-Purpose Fund	460430 Parks	000026 POLSON AUTO PARTS, INC.	PARKS-SPARK PLUGS	15.39
1000 General All-Purpose Fund	460430 Parks	000026 POLSON AUTO PARTS, INC.	PARKS-'99 DODGE DAKO	51.56
1000 General All-Purpose Fund	460430 Parks	4908 DAVID NEWBURN	PARKS-FLAG CERT CLAS	25.00
1000 General All-Purpose Fund	460430 Parks	000034 WESTERN BUILDING CENTER	PARKS-ASSORT BUST RD	10.14
1000 General All-Purpose Fund	460430 Parks	000034 WESTERN BUILDING CENTER	PARKS-CORR FASTENERS	4.36
1000 General All-Purpose Fund	460430 Parks	000034 WESTERN BUILDING CENTER	PARKS-CARRIAGE SCREW	21.97
1000 General All-Purpose Fund	460430 Parks	000034 WESTERN BUILDING CENTER	PARKS-ASST PVC PRODU	5.76
1000 General All-Purpose Fund	460430 Parks	000034 WESTERN BUILDING CENTER	PARKS-ASST MISC PROD	15.06
			Total for Fund:	6,702.89
2020 Police Municipal Services	420140 Crime Control and	001071 ST. PATRICK HOSPITAL	POLICE-LAB, TREATMEN	531.00
2020 Police Municipal Services	420140 Crime Control and	4684 WASH N' GO, LLC	POLICE-VEH WASH 3/1-	59.79
2020 Police Municipal Services	420140 Crime Control and	000085 SOUTHSHORE VETERINARY	POLICE-ANIMAL IMPOUN	113.50
2020 Police Municipal Services	420140 Crime Control and	4608 MARTEL ELECTRONICS, INC.	POLICE-CAR VIDEO REP	130.00
2020 Police Municipal Services	420140 Crime Control and	000724 COSNER COMTECH	POLICE-PORTABLE ANTE	34.00
2020 Police Municipal Services	420140 Crime Control and	4605 THIRD EYE TECHNOLOGIES,	POLICE-SET UP COMP E	56.25
2020 Police Municipal Services	420140 Crime Control and	000877 JOHNCO STORAGE	POLICE-STORAGE 5/1-6	151.00
2020 Police Municipal Services	420140 Crime Control and	1951 KEVIN McCLAIN	POLICE-RADIO BOX	100.00
2020 Police Municipal Services	420140 Crime Control and	000150 PETTY CASH FUND	POLICE-MISC PURCHASE	12.00
			Total for Fund:	1,187.54
2210 Parks/Salish Point	460430 Parks	000832 DELANEY'S LANDSCAPE CTR.	PARKS-DEPOSIT LANDSC	2,807.80
			Total for Fund:	2,807.80
2222 Park Donations -	460430 Parks	999999 DAVID W KING	PARKS-PICTURE FOR IN	150.00
			Total for Fund:	150.00
2390 Drug Forfeiture Fund	420140 Crime Control and	2379 RELIABLE OFFICE SUPPLY	DRUG TASK FORCE-MISC	48.19
2390 Drug Forfeiture Fund	420140 Crime Control and	4843 LAKE COUNTY SHERIFF DTF	POLICE-CASE #212CR00	147.84
2390 Drug Forfeiture Fund	420140 Crime Control and	4844 S & K TRIBAL POLICE DTF	POLICE-CASE #212CR00	147.84
2390 Drug Forfeiture Fund	420140 Crime Control and	4843 LAKE COUNTY SHERIFF DTF	POLICE-CASE #214CR00	674.33
2390 Drug Forfeiture Fund	420140 Crime Control and	4844 S & K TRIBAL POLICE DTF	POLICE-CASE #214CR00	674.33
2390 Drug Forfeiture Fund	420140 Crime Control and	4843 LAKE COUNTY SHERIFF DTF	POLICE-CASE #214CR00	596.00
2390 Drug Forfeiture Fund	420140 Crime Control and	4844 S & K TRIBAL POLICE DTF	POLICE-CASE #214CR00	596.00
			Total for Fund:	2,884.53
2394 Building Code Enforcement	420500 Protective Inspections	000026 POLSON AUTO PARTS, INC.	BUILDING-TELESCOPING	6.90
2394 Building Code Enforcement	420500 Protective Inspections	4908 DAVID NEWBURN	BUILDING-FLAG CERT C	10.00
2394 Building Code Enforcement	420500 Protective Inspections	2074 VERIZON WIRELESS	BUILDING-CELL PHONE	32.45
			Total for Fund:	49.35

For doc #s from 120480 to 120589

Fund	Department Name (Account)	Vendor #/Name	Description	Amount
2401 Light Maintenance	430263 Street Lighting	000011 MISSION VALLEY POWER	FACILITIES-ST LGHT 0	1,351.08
			Total for Fund:	1,351.08
2402 Light Maintenance	430263 Street Lighting	000011 MISSION VALLEY POWER	FACILITIES-ST LGHT 0	754.40
			Total for Fund:	754.40
2500 Weed Cleanup Maintenance	431100 Weed Control	000034 WESTERN BUILDING CENTER	STREETS-3/4 CPLG INS	0.49
			Total for Fund:	0.49
2810 Police Training Fund	420140 Crime Control and	3997 JOAN HART	POLICE-JH TRAVEL MEA	120.00
2810 Police Training Fund	420140 Crime Control and	4623 MICHELLE SCOTT	POLICE- MS TRAVEL ME	120.00
			Total for Fund:	240.00
2820 Gas Apportionment Tax	430240 Road and Street	4049 D & D CUSTOMS AND	STREETS-DS STREET SI	60.00
2820 Gas Apportionment Tax	430240 Road and Street	000026 POLSON AUTO PARTS, INC.	STREETS-AIR FILTER	74.54
2820 Gas Apportionment Tax	430240 Road and Street	000026 POLSON AUTO PARTS, INC.	STREETS-CABL TRMNL,	11.99
2820 Gas Apportionment Tax	430240 Road and Street	000026 POLSON AUTO PARTS, INC.	STREETS-GREASE CONTR	177.29
2820 Gas Apportionment Tax	430240 Road and Street	000026 POLSON AUTO PARTS, INC.	STREETS-FITTING	0.81
2820 Gas Apportionment Tax	430240 Road and Street	4849 JOHN DEERE FINANCIAL	STREETS-BALANCE OF I	0.99
			Total for Fund:	325.62
5010 Golf Fund	346021 Golf Season Pass Fees	999999 BRETT OWEN	GOLF PRO-REFUND PASS	563.00
5010 Golf Fund	346021 Golf Season Pass Fees	999999 ALEX SALOIS	GOLF PRO-PASS #225 R	95.00
5010 Golf Fund	460446 Golf Course -	000048 MIDLAND IMPLEMENT CO.	GOLF MAINT-VARIETY P	585.55
5010 Golf Fund	460446 Golf Course -	000011 MISSION VALLEY POWER	GOLF MAINT-GOLF SHED	220.26
5010 Golf Fund	460446 Golf Course -	000011 MISSION VALLEY POWER	GOLF MAINT-25 HP PUM	0.00
5010 Golf Fund	460446 Golf Course -	000011 MISSION VALLEY POWER	GOLF MAINT-60 HP PUM	120.50
5010 Golf Fund	460446 Golf Course -	000011 MISSION VALLEY POWER	GOLF MAINT-155 HP PU	111.02
5010 Golf Fund	460446 Golf Course -	000011 MISSION VALLEY POWER	GOLF MAINT-BAYVIEW P	698.79
5010 Golf Fund	460446 Golf Course -	000026 POLSON AUTO PARTS, INC.	GOLF MAINT-BATTERY	92.03
5010 Golf Fund	460446 Golf Course -	000026 POLSON AUTO PARTS, INC.	GOLF MAINT-CORE BATT	-15.00
5010 Golf Fund	460446 Golf Course -	000026 POLSON AUTO PARTS, INC.	GOLF MAINT-BATTERY	136.98
5010 Golf Fund	460446 Golf Course -	000026 POLSON AUTO PARTS, INC.	GOLF MAINT-ASSORTED	294.38
5010 Golf Fund	460446 Golf Course -	000026 POLSON AUTO PARTS, INC.	GOLF MAINT-ASSORTED	79.16
5010 Golf Fund	460446 Golf Course -	000026 POLSON AUTO PARTS, INC.	GOLF MAINT-TURN SIGN	12.88
5010 Golf Fund	460446 Golf Course -	000048 MIDLAND IMPLEMENT CO.	GOLF MAINT-TORO PART	54.42
5010 Golf Fund	460446 Golf Course -	000048 MIDLAND IMPLEMENT CO.	GOLF MAINT-KRYLON PA	630.15
5010 Golf Fund	460446 Golf Course -	000048 MIDLAND IMPLEMENT CO.	GOLF MAINT- TORO ORI	36.78
5010 Golf Fund	460446 Golf Course -	2074 VERIZON WIRELESS	GOLF MAINT-CELL PHON	116.92
5010 Golf Fund	460446 Golf Course -	4825 IBS, INC	GOLF MAINT-SPHAG SOR	80.95
5010 Golf Fund	460446 Golf Course -	000034 WESTERN BUILDING CENTER	GOLF MAINT-RENT TREN	123.00
5010 Golf Fund	460446 Golf Course -	000034 WESTERN BUILDING CENTER	GOLF MAINT-HUSQ PORT	16.97
5010 Golf Fund	460446 Golf Course -	1864 CHS/MOUNTAIN WEST	GOLF MAINT-FUEL	659.10
5010 Golf Fund	460446 Golf Course -	001041 RODY CONSTRUCTION	GOLF MAINT-REPAIR SI	364.00
5010 Golf Fund	460447 Golf Course - Pro Shop	1925 VALLEY BUSINESS SYTEMS	GOLF PRO-TONER	90.00
5010 Golf Fund	460447 Golf Course - Pro Shop	4329 BISHOP SIGNWORKS	GOLF PRO-STICKERS "1	20.00
5010 Golf Fund	460447 Golf Course - Pro Shop	000010 CENTURYLINK	GOLF PRO-TELEPHONE S	22.95

For doc #s from 120480 to 120589

Fund	Department Name (Account)	Vendor #/Name	Description	Amount
5010 Golf Fund	460447 Golf Course - Pro Shop	000011 MISSION VALLEY POWER	GOLF PRO-PRO SHOP/ST	176.00
5010 Golf Fund	460447 Golf Course - Pro Shop	4907 GOLF SCORECARDS INC	GOLF PRO-SCORECARDS	558.00
5010 Golf Fund	460448 Golf Course - Carts	001594 JOHNSON DISTRIBUTING	GOLF MAINT-GOLF CART	561.45
5010 Golf Fund	460450 Golf Course Restaurant	3447 SUMMIT BEVERAGE	GOLF REST-COORS LIGH	137.00
5010 Golf Fund	460450 Golf Course Restaurant	3447 SUMMIT BEVERAGE	GOLF REST-RENT JOCKE	360.00
5010 Golf Fund	460450 Golf Course Restaurant	3447 SUMMIT BEVERAGE	GOLF REST-ASSTORTED	124.45
5010 Golf Fund	460450 Golf Course Restaurant	000316 WALLACES GOLF SHOP	GOLF REST-SNACKS	94.93
5010 Golf Fund	460450 Golf Course Restaurant	3306 POLSON PROPANE	GOLF REST-FUEL	306.00
5010 Golf Fund	460450 Golf Course Restaurant	3427 ZIP BEVERAGE	GOLF REST-ASST BEERS	215.35
5010 Golf Fund	460450 Golf Course Restaurant	3424 POLSON LIQUOR STORE INC	GOLF REST-7 BOTTLE L	150.35
5010 Golf Fund	460450 Golf Course Restaurant	4905 GEORGE'S DISTRIBUTING INC	GOLF REST-ASST BEER/	113.00
5010 Golf Fund	460450 Golf Course Restaurant	3427 ZIP BEVERAGE	GOLF REST-ASST BEERS	227.83
5010 Golf Fund	460450 Golf Course Restaurant	4754 PEPSI-COLA BOTTLING OF	GOLF REST-ASST BEVER	82.07
5010 Golf Fund	460450 Golf Course Restaurant	3447 SUMMIT BEVERAGE	GOLF REST-ASST BEERS	778.88
5010 Golf Fund	460450 Golf Course Restaurant	3447 SUMMIT BEVERAGE	GOLF REST- DEPOSIT J	-380.00
5010 Golf Fund	460450 Golf Course Restaurant	3233 FOOD SERVICES OF AMERICA	GOLF REST- ASSORTED	1,237.84
5010 Golf Fund	460450 Golf Course Restaurant	3233 FOOD SERVICES OF AMERICA	GOLF REST-ASSORTED K	261.56
5010 Golf Fund	460460 G. C. Restaurant O & M	000011 MISSION VALLEY POWER	GOLF REST-METER T102	108.41
5010 Golf Fund	460460 G. C. Restaurant O & M	999999 POLSON MEN'S LEAGUE	GOLF REST-BUNKER'S M	400.00
			Total for Fund:	10,722.91
5210 Water Fund	214600 Retainage Payable	000868 LHC, INC.	WATER-RETAINER	-15,466.45
5210 Water Fund	430530 Source of Supply and	000011 MISSION VALLEY POWER	WATER-WELLS, BOOSTER	2,290.59
5210 Water Fund	430530 Source of Supply and	000011 MISSION VALLEY POWER	WATER-RIVERSIDE LFT	12.14
5210 Water Fund	430530 Source of Supply and	000011 MISSION VALLEY POWER	WATER-RIVERSIDE REST	85.10
5210 Water Fund	430530 Source of Supply and	000011 MISSION VALLEY POWER	WATER-WELLS 6 & 7	595.53
5210 Water Fund	430550 Transmission and	2007 UTILITIES UNDERGROUND	WATER-UTILITY LOCATE	22.04
5210 Water Fund	430550 Transmission and	4006 HD SUPPLY WATERWORKS,	WATER-6" MACRO CPLGS	1,316.64
5210 Water Fund	430550 Transmission and	4006 HD SUPPLY WATERWORKS,	WATER-2" INSERTS	452.64
5210 Water Fund	430550 Transmission and	4006 HD SUPPLY WATERWORKS,	WATER-1-1/2 CURB VAL	267.23
5210 Water Fund	430550 Transmission and	3260 ANDERSON MONTGOMERY	WATER-INV #6 WATER L	15,718.50
5210 Water Fund	430550 Transmission and	000026 POLSON AUTO PARTS, INC.	WATER-STEEL WELDING	74.57
5210 Water Fund	430550 Transmission and	000026 POLSON AUTO PARTS, INC.	WATER-BRAKE FLUID	5.84
5210 Water Fund	430550 Transmission and	000026 POLSON AUTO PARTS, INC.	WATER-OIL, OIL FLTR,	38.70
5210 Water Fund	430550 Transmission and	000026 POLSON AUTO PARTS, INC.	WATER-HOSE	43.09
5210 Water Fund	430550 Transmission and	000026 POLSON AUTO PARTS, INC.	WATER-KNOB	10.59
5210 Water Fund	430550 Transmission and	001161 JENSEN BACKHOE INC.	WATER-EXCVT ALLEY BE	1,945.00
5210 Water Fund	430550 Transmission and	001161 JENSEN BACKHOE INC.	WATER-SERV LINE 1ST	607.50
5210 Water Fund	430550 Transmission and	001161 JENSEN BACKHOE INC.	WATER-RELOCATE LINE	5,632.50
5210 Water Fund	430550 Transmission and	4006 HD SUPPLY WATERWORKS,	WATER-BALLCURB FIPX	1,019.10
5210 Water Fund	430550 Transmission and	4006 HD SUPPLY WATERWORKS,	WATER-AWWA BALL	429.48
5210 Water Fund	430550 Transmission and	4006 HD SUPPLY WATERWORKS,	WATER-STOCK PARTS	1,001.60
5210 Water Fund	430550 Transmission and	4006 HD SUPPLY WATERWORKS,	WATER-CCXMIPT BALL C	681.30
5210 Water Fund	430550 Transmission and	000034 WESTERN BUILDING CENTER	WATER-SCORBOARD	167.94
5210 Water Fund	430550 Transmission and	3260 ANDERSON MONTGOMERY	WATER-DOWNTWN WATER	36,122.78
5210 Water Fund	430550 Transmission and	3260 ANDERSON MONTGOMERY	WATER-TRIBAL LOOP	1,230.00
5210 Water Fund	430550 Transmission and	4006 HD SUPPLY WATERWORKS,	WATER-STOCK PRODUCT	299.00
5210 Water Fund	430550 Transmission and	3367 THE TRACTOR SHOP, INC.	WATER-REPAIR HYD SWN	239.00
5210 Water Fund	430550 Transmission and	2547 TREASURE STATE CONCRETE	WATER-2ND STREET EAS	140.44
5210 Water Fund	430550 Transmission and	2547 TREASURE STATE CONCRETE	WATER-2ND ST WEST ST	68.29
5210 Water Fund	430550 Transmission and	2547 TREASURE STATE CONCRETE	WATER-SKATE PARK	290.89

For doc #s from 120480 to 120589

Fund	Department Name (Account)	Vendor #/Name	Description	Amount
5210 Water Fund	430550 Transmission and	000868 LHC, INC.	WATER-DOWNTWN LOOP P	309,329.03
5210 Water Fund	430550 Transmission and	000868 LHC, INC.	WATER-1% CGR	-2,938.63
5210 Water Fund	430550 Transmission and	4425 DEPARTMENT OF REVENUE	WATER-1% CGR DWNTWN	2,938.63
5210 Water Fund	430570 Customer Accounting and	4006 HD SUPPLY WATERWORKS,	WATER-MARCH METERS	1,378.56
5210 Water Fund	430570 Customer Accounting and	4006 HD SUPPLY WATERWORKS,	WATER-APRIL METERS	2,812.80
5210 Water Fund	430570 Customer Accounting and	000005 POSTMASTER	WATER-POSTAL PERMIT	110.00
			Total for Fund:	368,971.96
5310 Sewer Fund	430630 Collection and	2007 UTILITIES UNDERGROUND	SEWER-UTILITY LOCATE	22.03
5310 Sewer Fund	430630 Collection and	000011 MISSION VALLEY POWER	SEWER-PUMP/LIFT STAT	3,146.40
5310 Sewer Fund	430630 Collection and	000026 POLSON AUTO PARTS, INC.	SEWER-6 TON JACK STA	54.99
5310 Sewer Fund	430630 Collection and	000026 POLSON AUTO PARTS, INC.	SEWER-ASSORTED PARTS	36.19
5310 Sewer Fund	430630 Collection and	000026 POLSON AUTO PARTS, INC.	SEWER-WHL COVER, GLO	43.20
5310 Sewer Fund	430630 Collection and	000026 POLSON AUTO PARTS, INC.	SEWER-15W40 OIL	11.99
5310 Sewer Fund	430630 Collection and	2547 TREASURE STATE CONCRETE	SEWER-ALLEY LAKE CIT	118.96
5310 Sewer Fund	430640 Treatment and Disposal	4769 XYLEM DEWATERING	SEWER-LAGOON SLUDGE	6,549.50
5310 Sewer Fund	430640 Treatment and Disposal	4821 NITTANY GRANTWORKS	SEWER-CDBG GRANT DEV	4,379.07
5310 Sewer Fund	430670 Customer Accounting and	4006 HD SUPPLY WATERWORKS,	SEWER-MARCH METERS	1,378.56
5310 Sewer Fund	430670 Customer Accounting and	4006 HD SUPPLY WATERWORKS,	SEWER-APRIL METERS	2,812.80
5310 Sewer Fund	430670 Customer Accounting and	000005 POSTMASTER	SEWER-POSTAL PERMIT	110.00
			Total for Fund:	18,663.69
			Total:	414,812.26

Fund Summary for Claims
For the Accounting Period: 4/15

Fund/Account	Amount
1000 General All-Purpose Fund	
101000	$6,702.89
2020 Police Municipal Services Levy	
101000	$1,187.54
2210 Parks/Salish Point	
101000	$2,807.80
2222 Park Donations - Restricted	
101000	$150.00
2390 Drug Forfeiture Fund	
101000	$2,884.53
2394 Building Code Enforcement	
101000	$49.35
2401 Light Maintenance District #19	
101000	$1,351.08
2402 Light Maintenance District #20	
101000	$754.40
2500 Weed Cleanup Maintenance Fund	
101000	$0.49
2810 Police Training Fund	
101000	$240.00
2820 Gas Apportionment Tax Fund	
101000	$325.62
5010 Golf Fund	
101000	$10,722.91
5210 Water Fund	
101000	$368,971.96
5310 Sewer Fund	
101000	$18,663.69
Total:	$414,812.26

5b.

CITY OF POLSON
CITY COMMISSION MEETING

Commission Chambers April 20, 2015 7:00 p.m.

ATTENDANCE: Mayor Heather Knutson, Commissioners Erickson, Siler, Southerland, Turner and City Manager Shrives, City Clerk Cora Pritt

ABSENT: Commissioners Campbell and Morrison

OTHERS PRESENT (who voluntarily signed in): Jordon Bautister, Marc Carstens, Elsa Duford, Dennis Duty, Lita Fonda, Madeline Hewston, Boyce Jordon., Murat Kalinyaprak, Moriah Lundeen, Bonnie Manicke, Ann Moderie, Link Moderie, Bradley Pickler, Joslyn Shackelford, Barbra Stone, Russell Stone, Thomas Wallace.

CALL TO ORDER: (00:03) Mayor Knutson called the meeting to order. The Pledge of Allegiance was recited. Roll call was taken.

APPROVAL OF PROPOSED AGENDA (00:50) Commissioner Southerland motion to approve the proposed agenda. Commissioner Erickson second. City Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

PUBLIC COMMENT ON SIGNIFICANT MATTERS TO THE PUBLIC NOT ON THE AGENDA (1:26)-Russell Stone asked why the County did not chip seal Skyline Drive before the City annexed it. City Manager Shrives explained that the City already had a maintenance agreement for Skyline Drive prior to the drive being annexed. The City will get the Gas Tax monies which will be approximately $5,000.00. **Dennis Duty** thanked the Mayor & Commissioners for their support of the Water Compact.

CONSENT AGENDA: (3:41) a. Claims April 1-15, 2015, b. City Commission Meeting Minutes April 6, 2015, c. City Commission Public Hearing Minutes March 23, 2015, d. City Commission Meeting Minutes March 23, 2015, e. Transfer of Ownership and Location All-Alcoholic Beverages License No. 15-860-3867-001 to Rainbow Point Polson, LLP, 209 Ridgewater Drive. **Commissioner Turner motion to approve the Consent Agenda. Commissioner Siler second.** Commission Discussion: none Public comment: none. **VOTE: Unanimous Motion carried**

CITY MANAGER COMMENTS (4:40) City Manager Shrives commented on:

Filing date for Election in November Open May 4, 2015 Closes July 2, 2015

Co-ordinating with County dates for the Polson Development Code Re-write. City Manager will be meeting with the Commissioners on Thursday, the 23rd. The following are preliminary dates; May 12-City County Planning Board review the final document, June 1-the Draft to the City Commission & County Commission, July 13-Joint Public Hearing, July 20-City would adopt the Polson Development Code.

City is currently updating the Growth Policy. The County would need to adopt the current Growth Policy or adopt the new Growth Policy.

Budget FY 2015-16 meeting dates have been changed. The new meeting dates will be: May 18-Health Insurance meeting; June 22-Budget meeting with Commission & Department Heads, July 20-Budget Presentation/Public Hearing, August 17-Adopt the Budget. All meetings will begin at 6:00 p.m.

Copy of Fire Report-there will be a discussion and give an update.

Asked Parks Director Karen Sargeant to give an update on the Lights at Riverside & Sacajawea Parks. Also the Interpretive Signs status

APPROVE THE FINDINGS OF FACT REGARDING THE PRELIMINARY PLAT REQUEST FOR A TWO-LOT MAJOR SUBDIVISION AS DECSCRIBED AND MOTION TO APPROVE THE PRELIMINARY PLAT REQUEST FOR A TWO LOT MAJOR SUBDIVISION WITH ATTACHED CONDITIONS OF APPROVAL (16:57)-Contract Planner Erica Wirtala presented this agenda item. This item is also known as the "Walgreen Subdivision". Lot 1 will contain Walgreen while Lot 2 is undeveloped. The Parent Tract defines this as a major subdivision. Lot 1 has water/sewer hook-ups. Lot 2 will be required access and a utility easement. The Road has been built to City standards but will remain a private road. Maintenance will be on the owners of the property. The City County Planning Board has recommended approval. There are 23 total Conditions of Approval with Condition #3 amended to read: that the commencement of the landscape buffer be done at the time of the Special Use Permit application. There are two motions one for the Finding of Facts, the other motion is to approve the project. **Commissioner Southerland motion to approve the Findings of Fact regarding the preliminary plat request as proposed by C.A.P. Polson for a two-lot major subdivision as described above. Commissioner Siler second.** Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried. Commissioner Siler motion to approve the preliminary plat request as proposed by C.A.P. Polson for a two-lot major subdivision with the attached Conditions of Approval described above as amended. Commissioner Erickson second.** Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

APPROVE THE FINDINGS OF FACT REGARDING THE SPECIAL USE PERMIT REQUEST ON BEHALF OF THE POLSON YOUTH SOCCER ASSOCIATION FOR THE TWENTY ACRE PARCEL(27:55)-Contract Planner Erica Wirtala presented this agenda item. This is Special Use Permit #15-02. The parcel was annexed in March 2015. The complex will consist of 4 competition size soccer fields, a concession stand/restroom facility, parking lots with ingress/egress driveways. The proposal will encompass 9 acres of the 20 acres. The primary access will be from Ridgewater Drive. The City County Planning Board recommends approval of this Special Use Permit. There are 19 Conditions of Approval. Commissioner Erickson asked about medical assistance on site. Erica answered that during tournaments there would be a courtesy ambulance present. Commissioner Erickson asked who would be contact to reserve parking spaces for campers. Applicant Representative Link Moderie answered that it would be first come, first serve bases. **Commissioner Turner motion to approve the Findings of Fact regarding the Special Use Permit request on behalf of the Polson Youth Soccer Association for the twenty acre parcel as described above. Commissioner Erickson second.** Commission Discussion: none Public comment: **Lita Fonda** asked about the zoning being changed from Medium Density Residential Zoning District to Highway Commercial Zoning District. Erica Wirtala answered that this project was best served as a Highway Commercial Zoning due to the fact that this is a private recreation. **VOTE: Unanimous Motion carried Commissioner Southerland motion to approve the Special Use Permit and its associated Conditions of Approval on behalf of the Polson Youth Soccer Association for the twenty acre parcel as described above. Commissioner Turner second.** Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

NEIGHBORHOOD WORKS MONTANA STATE HOME NON-COMPETITIVE DOWN PAYMENT ASSISTANCE PROGRAM PRESENTATION (39:45)-Moriah Lundeen, Valley Bank presented this agenda item. This is a down payment assistance program through H.U.D. that helps first time home buyers with the down payment. This is a second mortgage that is due on sale loan. This is not a grant. Lake County has approved the program but in order for this to be used within the City limits, the City Commission has to approve the program. City Manager Shrives commented that the City portion of the paperwork is fairly minimal. There are a couple of forms that will need to be filled out. The program can be approved either a Resolution or a Letter of Support. The Commission would need to give the City Manager the authority to do a letter. **Commissioner Turner motion to approve the City Manager to**

move forward with a Letter of Support. Commissioner Southerland second. Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

APPROVE THE RESOLUTION AUTHORIZING USE OF THE ALTERNATE DESIGN/BUILD PROCUREMENT METHOD FOR EXPANSION OF THE SKATE PARK (43:33)-Parks Director Karen Sargeant & City Engineer Shari Johnson presented this agenda item. Karen began by giving a history of the Skate Park and how the committee to build the facility was formed. The Skate Park was built with an anonymous donation. It is a 12,000 sq. foot facility. The Skate Park draws visitors from all over, including international visitors, as well as companies and professionals. Last year Jesse Vargas asked if there could be an expansion done on the Skate Park. The expansion would happen within the fenced area. The current users are thinking of future users and different skill levels. The new expansion would be built around the current course. City Engineer Shari Johnson explained that she would be in charge of the design/build portion of the project. Commissioner Southerland asked where the funding would come from. Parks Director Sargeant answered the funding would come from donations just as before. Commissioner Turner asked about a timeline. City Engineer Johnson answered the process would begin this year but construction would not be completed until next year. **Jesse Vargas** commented that he has been skateboarding for 9 years and he would like to see something for future generations to enjoy. Commissioner Erickson asked about input from the committee. Parks Director Sargeant answered that the list of features actually came from the committee. **Commissioner Turner motion to approve the Resolution authorizing use of the alternate Design/Build procurement method for expansion of the skate park. Commissioner Southerland second.** Commission discussion: none Public comment: none **VOTE: Unanimous Motion carried**

REVIEW AND DISCUSS ECONOMIC DEVELOPMENT COUNCIL APPLICATIONS (01:03:24)-City Manager Shrives presented this agenda item. This is to appoint a board that will make recommendations to the City Commission on various economic ideas. There were 12 applications received. Mayor Knutson commented that a few of the Commissioners have requested an opportunity to interview the applicants. The Mayor suggested sending an email with 3-4 questions to all of the applicants. The email would be sent out on Wednesday, with a reply needed back by Friday. The responses would then go out in the next Commission Agenda packet. The appointment of the Economic Development Council will be on May 4, 2015 during the Commission meeting along with the Commission Liaison appointment. Public Comment: **Murat Kalinyaprak** commented on the Resort Tax that will be the Economic Development Council first project. Mr. Kalinyaprak reminded the Commission that this subject was voted on in 2009 and was defeated by 84% of the votes. Mr. Kalinyaprak offered the documentation that he has since he was active in the election that year. Mr. Kalinyaprak also commented that if this issue is pushed by the City, there could be a legal challenge because of the definition of a Resort Town. **Lee Manicke** asked who the additional two names were since there were only 10 names listed in the agenda packet. City Manager Shrives answered Lou Cross & Becky DuPuis.

(01:27:34) Mayor Knutson then asked the Commission if there were any of the agenda items that should be detailed or are the Action Minutes okay. The Commission responded that Action Minutes on all of the agenda items would be appropriate.

Mayor Knutson asks for a Motion to Adjourn. (01:27:50) Commissioner Turner motion to adjourn. Commissioner Erickson second. VOTE: Unanimous Motion carried.

ADJOURN: 8:30 p.m.

_____ **ATTEST:**_____

Heather Knutson, Mayor **Cora E. Pritt, City Clerk**

5c.

CITY OF POLSON
FINANCE OFFICER BANK RECONCILIATION
December 31, 2013

GENERAL LEDGER CASH REPORT BALANCE	$	5,150,357.58
PLUS PAYROLL LIABILITIES ACCRUED BUT NOT PAID	$	4,583.95
ADJUSTED GENERAL LEDGER BALANCE	**$**	**5,154,941.53**
GLACIER BANK OPERATING ACCOUNT	$	-
PLUS FINANCE/UB DEPOSITS IN TRANSIT	$	-
PLUS GOLF RESTAURANT DEPOSIT IN TRANSIT	$	-
PLUS GOLF COURSE DEPOSIT IN TRANSIT	$	-
MINUS OUTSTANDING PAYROLL CHECKS	$	(21,988.29)
MINUS OUTSTANDING CLAIM CHECKS	$	(57,662.68)
MINUS OUTSTANDING PAYROLL ACH TRANSACTIONS	$	(3,244.34)
PLUS GLACIER BANK REPURCHASE ACCOUNT	$	4,228,901.91
PLUS 1 FIRST CITIZENS BANK CD	$	1,003,261.56
PLUS EDWARD JONES MONEY MARKET	$	4,692.17
PLUS FIRST CITIZENS BANK SAVINGS ACCOUNT	$	481.20
PLUS PETTY CASH AND CASH DRAWERS	$	500.00
DEMAND ACCOUNTS & INVESTMENTS	**$**	**5,154,941.53**

Reconciliation for Bank Account GLACIER BANK - *****089 & *****113

Reconciliation Period 12/13

Account # *****089 & *****113
Cash Account 101000 - Cash - Operating
Cash Account 101010 - Cash - Sinking and Interest
Cash Account 102215 - Cash - Golf Rev. Bond 1998 S&I
Cash Account 102216 - Cash - Rev Bond Sinking & Interest
Cash Account 102220 - Cash - Revenue Bond Reserve
Cash Account 102230 - Cash - Surplus Reserve
Cash Account 102240 - Cash - Replacement/Depreciation
Cash Account 102250 - Cash Impact Fee/Restricted
Cash Account 102300 - Cash - Customer Deposits
Cash Account 103000 - Petty Cash
Cash Account 103010 - Cash Drawer

Balance from Bank Statement	4,228,901.91	
Deposits in Transit	0.00	
Outstanding Checks	-79,650.97	
Other Cash Items	-3,244.34	
OS Payroll Liabilities	-4,583.95	
Adjusted Bank Balance	4,141,422.65	
General Ledger Balance	5,150,357.58	
Manual Adjustments	1,003,261.56	- CD - First Citiizens Bank
	4,692.17	- Edward Jones Money Market Account
	481.20	- First Citizens Bank Savings Account
	500.00	- Petty Cash & Cash Drawers
Total Manual Adjustments	1,008,934.93	
Difference	0.00	
Total checks and other credit items cleared:	552,077.10	
Total deposits and other debit items cleared:	1,026,273.84	

City of Polson
Cash Report by Fund/Account
For the Accounting Period: 12/13

Funds 1000-7120

Fund/Account	Beginning Balance	Received	Transfers In	Disbursed	Transfers Out	Ending Balance
1000 General All-Purpose Fund						
101000 Cash - Operating	-67,144.72	649,121.23	34,424.00	3,314.76	169,024.37	444,061.38
103000 Petty Cash	200.00	0.00	0.00	0.00	0.00	200.00
103010 Cash Drawer	100.00	0.00	0.00	0.00	0.00	100.00
Total Fund	-66,844.72	649,121.23	34,424.00	3,314.76	169,024.37	444,361.38
2001 Fire Impact Fees						
102250 Cash Impact Fee/Restricted	7,997.02	4,953.76	0.00	0.00	0.00	12,950.78
2002 Parks Impact Fees						
102250 Cash Impact Fee/Restricted	17,704.50	3.89	0.00	0.00	0.00	17,708.39
2020 Police Municipal Services Levy						
101000 Cash - Operating	6,349.02	76,839.67	0.00	0.00	7,064.43	76,124.26
2170 Airport						
101000 Cash - Operating	5.22	0.00	0.00	0.00	0.00	5.22
2210 Parks/Salish Point						
101000 Cash - Operating	25,675.85	5.65	0.00	0.00	0.00	25,681.50
2211 Skate Park Fund						
101000 Cash - Operating	197.67	0.04	0.00	0.00	0.00	197.71
2212 Cultural Trust Grant						
101000 Cash - Operating	100.70	0.02	0.00	0.00	0.00	100.72
2213 Dog Park/Travis Dolphin						
101000 Cash - Operating	1,082.93	0.24	0.00	0.00	0.00	1,083.17
2214 Rotary Donation						
101000 Cash - Operating	166.69	0.04	0.00	0.00	0.00	166.73
2215 Hanging Basket Maintenance						
101000 Cash - Operating	-519.53	0.00	0.00	0.11	89.71	-609.35
2216 Parkland Subdivision Fee (formerly 7060)						
101000 Cash - Operating	139,182.48	30.61	0.00	0.00	0.00	139,213.09
2218 Carol Sampson Sherick Trail Memorial Fund						
101000 Cash - Operating	823.53	0.18	0.00	0.00	0.00	823.71
2219 Parks Donations						
101000 Cash - Operating	1,390.08	24,531.33	0.00	0.00	0.00	25,921.41
2221 Eagle Scout Project Fund						
101000 Cash - Operating	1,286.77	225.28	0.00	0.00	0.00	1,512.05
2222 Park Donations - Restricted						
101000 Cash - Operating	8,050.10	1.77	0.00	0.00	0.00	8,051.87
2310 Tax Increment District						
101000 Cash - Operating	110,778.79	63,710.53	0.00	0.00	0.00	174,489.32
102220 Cash - Revenue Bond Reserve	40,000.00	0.00	0.00	0.00	0.00	40,000.00
Total Fund	150,778.79	63,710.53				214,489.32
2372 Permissive Medical Mills						
101000 Cash - Operating	5,418.38	28,868.85	0.00	0.00	34,287.23	0.00
2386 Street Permits Revenue						
101000 Cash - Operating	4,022.51	0.88	0.00	0.00	0.00	4,023.39
2390 Drug Forfeiture Fund						
101000 Cash - Operating	-887.79	45.00	0.00	0.20	241.67	-1,084.66
2394 Building Code Enforcement						
101000 Cash - Operating	-19,543.39	1,299.04	0.12	17,446.81	5,504.56	-41,195.60
2395 Tree Fund						

Funds 1000-7120

Fund/Account	Beginning Balance	Received	Transfers In	Disbursed	Transfers Out	Ending Balance
101000 Cash - Operating	4,061.15	0.89	0.00	0.00	336.00	3,726.04
2401 Light Maintenance District #19						
101000 Cash - Operating	11,156.06	10,719.94	0.00	0.00	1,351.08	20,524.92
2402 Light Maintenance District #20						
101000 Cash - Operating	-188.31	7,120.10	0.00	0.04	1,092.23	5,839.52
2500 Weed Cleanup Maintenance Fund						
101000 Cash - Operating	20,458.28	922.00	0.00	0.00	0.00	21,380.28
2510 Sidewalk Loan Fund						
101000 Cash - Operating	61,671.30	13.57	0.00	0.00	0.00	61,684.87
2701 Fire Barnowsky Estate Donation						
101000 Cash - Operating	370.67	0.08	0.00	0.00	0.00	370.75
2702 Fire Training Center Donations						
101000 Cash - Operating	14,552.18	3.20	0.00	0.00	0.00	14,555.38
2703 Fire Memb. Donation Fund						
101000 Cash - Operating	3,708.05	0.82	0.00	0.00	261.79	3,447.08
2710 Kids Safety/POLICE/FIRE						
101000 Cash - Operating	497.45	0.11	0.00	0.00	0.00	497.56
2720 Police Donations						
101000 Cash - Operating	2,395.66	0.53	0.00	0.00	905.00	1,491.19
2810 Police Training Fund						
101000 Cash - Operating	4,693.54	1.03	0.00	0.00	557.16	4,137.41
2820 Gas Apportionment Tax Fund						
101000 Cash - Operating	26,651.16	8,398.10	0.00	0.00	8,951.85	26,097.41
2876 POLICE FEDERAL C.O.P.S. GRANT						
101000 Cash - Operating	1,362.22	0.00	0.00	0.00	2,862.62	-1,500.40
2932 Parks ARRA Recycle Grant						
101000 Cash - Operating	499.40	0.11	0.00	0.00	0.00	499.51
2943 RCDI/Growth Policy						
101000 Cash - Operating	5,657.62	1.24	0.00	0.00	0.00	5,658.86
3500 SPECIAL ASSESSMENT DEBT-Revolving Fund						
101000 Cash - Operating	154,338.76	33.95	0.00	0.00	0.00	154,372.71
3542 SID #42 Streetscape Main St. Imp. Project						
101000 Cash - Operating	0.00	0.00	33,112.33	0.00	33,112.33	0.00
101010 Cash - Sinking and Interest	13,297.98	29,619.05	0.00	0.00	33,112.33	9,804.70
102220 Cash - Revenue Bond Reserve	37,500.00	0.00	0.00	0.00	0.00	37,500.00
Total Fund	50,797.98	29,619.05	33,112.33		66,224.66	47,304.70
4520 Streetscape/Main St. Imp. Project						
101000 Cash - Operating	4,666.37	1.03	0.00	0.00	0.00	4,667.40
4530 TIFD City Dock & Walkpath project						
101000 Cash - Operating	377,168.85	82.96	2,797.16	0.00	47,457.79	332,591.18
5010 Golf Fund						
101000 Cash - Operating	75,281.12	17,929.58	0.00	0.00	54,997.78	38,212.92
102216 Cash - Rev Bond Sinking & Intere	17,464.39	0.00	8,732.19	0.00	0.00	26,196.58
102230 Cash - Surplus Reserve	123,001.09	52.99	0.00	0.00	0.00	123,054.08
102240 Cash - Replacement/Depreciation	25,140.40	0.00	0.00	0.00	0.00	25,140.40
Total Fund	240,887.00	17,982.57	8,732.19		54,997.78	212,603.98
5201 Water Impact Fees						
102250 Cash Impact Fee/Restricted	247,455.23	7,145.83	0.00	0.00	0.00	254,601.06

Fund: 1000-7120

Fund/Account	Beginning Balance	Received	Transfers In	Disbursed	Transfers Out	Ending Balance
5210 Water Fund						
101000 Cash - Operating	186,964.95	59,572.35	324.75	86.41	70,751.34	174,023.30
102210 Cash - Rev Bond Sinking & Intere	16,554.80	0.00	1,507.71	9,016.25	0.00	9,046.26
102220 Cash - Revenue Bond Reserve	18,979.00	0.00	0.00	0.00	0.00	18,979.00
102230 Cash - Surplus Reserve	7,727.58	237.95	0.00	0.00	0.00	7,965.53
102240 Cash - Replacement/Depreciation	838,271.03	300.00	0.00	0.00	0.00	838,571.03
102300 Cash - Customer Deposits	13,290.25	300.00	0.00	0.00	100.00	13,490.25
103010 Cash Drawer	150.00	0.00	0.00	0.00	-50.00	200.00
Total Fund	1,081,937.61	60,410.30	1,832.46	9,102.66	70,801.94	1,084,275.77
5301 Sewer Impact Fees						
102250 Cash Impact Fee/Restricted	57,996.00	3,045.16	0.00	0.00	0.00	61,041.16
5310 Sewer Fund						
101000 Cash - Operating	389,602.84	42,572.06	1,873.08	14.80	50,218.91	383,814.27
102240 Cash - Replacement/Depreciation	1,448,543.76	720.32	0.00	0.00	0.00	1,449,264.08
Total Fund	1,838,146.60	43,292.38	1,873.08	14.80	50,218.91	1,833,078.35
5390 Stormwater Project Fund						
101000 Cash - Operating	78,625.89	8,552.80	964.55	4.00	253.44	87,885.80
Totals	4,572,003.53	1,046,985.76	83,735.89	29,883.38	522,484.22	5,150,357.38

GLACIER BANK

P.O. Box [illegible] • Kalispell MT 59903 • 1800[illegible]

Account Statement

MEMBER FDIC

Transfer Funds | Bill Pay | Change Email Address | View Prior Statement | Ask A Question

Date 12/31/13 Page 1
Account Number [illegible]

CITY OF BOZEMAN
[illegible]
BOZEMAN MT 59[illegible]

CHECKING ACCOUNT

WE HAVE DISCOVERED A SYSTEM ERROR AFFECTING STATEMENTS FOR CUSTOMERS WHO USE OVERDRAFT SERVICES. THE "TOTAL OVERDRAFT FEES" TABLE ON THESE CUSTOMERS' STATEMENTS MAY BE INCORRECT. ACTUAL OVERDRAFT FEES INCURRED WERE POSTED AND ITEMIZED CORRECTLY IN THE BODY OF THE MONTHLY STATEMENTS. THE "TOTAL OVERDRAFT FEES" TABLE WILL BE CORRECTED BEGINNING WITH THE JANUARY 2014 STATEMENT. PLEASE CONTACT US IF YOU HAVE ANY QUESTIONS.

CHECKING		Number of Enclosures	212
Account Number	-	Statement Dates	12/02/13 thru 12/31/13
Previous Balance	.00	Days in the statement period	30
[illegible] Deposits/Credits	1,427,242.85	Average Ledger	.00
[illegible] Checks/Debits	1,427,242.85	Average Collected	5,434.77-
Service Charge	.00		
Interest Paid	.00		
Ending Balance	.00		

Activity in Date Order

Date	Description	Withdrawals	[illegible]

GLACIER BANK

P.O. Box 27 • Kalispell, MT 59903 • 1(800)735-4371

Account Statement

MEMBER FDIC

Transfer Funds | Bill Pay | Change Email Address | View Prior Statement | Ask A Question

Date 12/31/13 Page 1
Account Number

CITY OF POLSON
106 1ST ST E
POLSON MT 59860

CHECKING ACCOUNT

WE HAVE DISCOVERED A SYSTEM ERROR AFFECTING STATEMENTS FOR CUSTOMERS WHO USE OVERDRAFT SERVICES. THE "TOTAL OVERDRAFT FEES" TABLE ON THESE CUSTOMERS' STATEMENTS MAY BE INCORRECT. ACTUAL OVERDRAFT FEES INCURRED WERE POSTED AND ITEMIZED CORRECTLY IN THE BODY OF THE MONTHLY STATEMENTS. THE "TOTAL OVERDRAFT FEES" TABLE WILL BE CORRECTED BEGINNING WITH THE JANUARY 2014 STATEMENT. PLEASE CONTACT US IF YOU HAVE ANY QUESTIONS.

CHECKING		Check Safekeeping	
Account Number		Statement Dates	12/02/13 thru 12/31/13
Previous Balance	3,754,574.23	Days in the statement period	30
7 Deposits/Credits	875,198.48	Average Ledger	4,078,098.36
14 Checks/Debits	401,876.36	Average Collected	4,078,098.36
Service Charge	.00	Interest Earned	1,005.56
Interest Paid	1,005.56	Annual Percentage Yield Earned	0.30%
Ending Balance	4,228,901.91	2013 Interest Paid	10,557.28

Activity in Date Order

5d.

CITY OF POLSON
FINANCE OFFICER BANK RECONCILIATION
January 31, 2014

GENERAL LEDGER CASH REPORT BALANCE	$	5,075,737.04
PLUS PAYROLL LIABILITIES ACCRUED BUT NOT PAID	$	12,934.74
ADJUSTED GENERAL LEDGER BALANCE	**$**	**5,088,671.78**
GLACIER BANK OPERATING ACCOUNT	$	-
MINUS OUTSTANDING PAYROLL CHECKS	$	(33,428.17)
MINUS OUTSTANDING CLAIM CHECKS	$	(167,669.85)
MINUS OUTSTANDING PAYROLL ACH TRANSACTIONS	$	(28,186.49)
PLUS GLACIER BANK REPURCHASE ACCOUNT	$	4,307,377.66
PLUS 1 FIRST CITIZENS BANK CD	$	1,004,905.26
PLUS EDWARD JONES MONEY MARKET	$	4,692.17
PLUS FIRST CITIZENS BANK SAVINGS ACCOUNT	$	481.20
PLUS PETTY CASH AND CASH DRAWERS	$	500.00
DEMAND ACCOUNTS & INVESTMENTS	**$**	**5,088,671.78**

Reconciliation for Bank Account GLACIER BANK - *****089 & *****113

Reconciliation Period 1/14

Account # *****089 & *****113
Cash Account 101000 - Cash - Operating
Cash Account 101010 - Cash - Sinking and Interest
Cash Account 102215 - Cash - Golf Rev. Bond 1998 S&I
Cash Account 102216 - Cash - Rev Bond Sinking & Interest
Cash Account 102220 - Cash - Revenue Bond Reserve
Cash Account 102230 - Cash - Surplus Reserve
Cash Account 102240 - Cash - Replacement/Depreciation
Cash Account 102250 - Cash Impact Fee/Restricted
Cash Account 102300 - Cash - Customer Deposits
Cash Account 103000 - Petty Cash
Cash Account 103010 - Cash Drawer

Balance from Bank Statement	4,307,377.66	
Deposits in Transit	0.00	
Outstanding Checks	-201,098.02	
Other Cash Items	0.00	
OS Payroll Liabilities	-12,934.74	
Adjusted Bank Balance	4,093,344.90	
General Ledger Balance	5,075,737.04	
Manual Adjustments	1,004,905.26	- CD - First Citizens Bank
	4,692.17	- Edward Jones Money Market
	481.20	- First Citizens Bank Savings Account
	-5,196.12	- MPERA (Retirement) ACH outstanding
	-12,508.01	- IRS ACH outstanding
	-7,743.86	- MPERA (PERS) ACH outstanding
	-2,738.50	- Dept of Revenue ACH outstanding
	500.00	- Petty Cash & Cash Drawers
Total Manual Adjustments	982,392.14	
Difference	0.00	
Total checks and other credit items cleared:	365,872.43	
Total deposits and other debit items cleared:	417,805.39	

GLACIER BANK

P.O. Box 27 • Kalispell, MT 59903 • 1(800)735-4371

Account Statement

MEMBER FDIC

Transfer Funds | Bill Pay | Change Email Address | View Prior Statement | Ask A Question

Date 1/31/14 Page 1
Account Number

CITY OF POLSON
106 1ST ST E
POLSON MT 59860

CHECKING ACCOUNT

Effective March 1, 2014 our foreign wire fees will be increased due to recent regulatory changes.

Foreign wires sent in US funds will be $75.00 and wires sent in foreign funds will be $50.00. Please contact us at 1-800-735-4371 if you have any questions.

CHECKING		Number of Enclosures	147
Account Number		Statement Dates 1/01/14 thru	2/02/14
Previous Balance-	.00	Days in the statement period	33
45 Deposits/Credits	578,914.13	Average Ledger	.00
175 Checks/Debits	578,914.13	Average Collected	4,303.60-
Service Charge	.00		
Interest Paid	.00		
Ending Balance	.00		

GLACIER BANK

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Account Statement

MEMBER FDIC

Transfer Funds | Bill Pay | Change Email Address | View Prior Statement | Ask A Question

Date 1/31/14 Page 1
Account Number

CITY OF POLSON
106 1ST ST E
POLSON MT 59860

CHECKING ACCOUNT

Effective March 1, 2014 our foreign wire fees will be increased due to recent regulatory changes.

Foreign wires sent in US funds will be $75.00 and wires sent in foreign funds will be $50.00. Please contact us at 1-800-735-4371 if you have any questions.

CHECKING		Check Safekeeping	
Account Number		Statement Dates 1/01/14 thru 2/02/14	
Previous Balance	4,228,901.91	Days in the statement period	33
10 Deposits/Credits	249,003.14	Average Ledger	4,272,068.77
10 Checks/Debits	171,686.12	Average Collected	4,272,068.77
Service Charge	.00	Interest Earned	1,158.73
Interest Paid	1,158.73	Annual Percentage Yield Earned	0.30%
Ending Balance	4,307,377.66	2014 Interest Paid	1,158.73

City of Polson
Cash Report by Fund/Account
For the Accounting Period: 1/14

Funds 1000-7120

Fund/Account	Beginning Balance	Received	Transfers In	Disbursed	Transfers Out	Ending Balance
1000 General All-Purpose Fund						
101000 Cash - Operating	444,061.38	144,879.86	67.50	6,364.89	246,907.65	335,736.20
103000 Petty Cash	200.00	0.00	0.00	0.00	0.00	200.00
103010 Cash Drawer	100.00	0.00	0.00	0.00	0.00	100.00
Total Fund	444,361.38	144,879.86	67.50	6,364.89	246,907.65	336,036.20
2001 Fire Impact Fees						
102250 Cash Impact Fee/Restricted	12,950.78	3,359.14	0.00	0.00	0.00	16,309.92
2002 Parks Impact Fees						
102250 Cash Impact Fee/Restricted	17,708.39	265.97	0.00	0.00	0.00	17,974.36
2020 Police Municipal Services Levy						
101000 Cash - Operating	76,124.26	18,401.47	0.00	1,021.49	9,887.91	83,616.33
2170 Airport						
101000 Cash - Operating	5.22	0.00	0.00	0.00	0.00	5.22
2210 Parks/Salish Point						
101000 Cash - Operating	25,681.50	9.43	0.00	0.00	79.71	25,611.22
2211 Skate Park Fund						
101000 Cash - Operating	197.71	0.11	0.00	0.00	0.00	197.82
2212 Cultural Trust Grant						
101000 Cash - Operating	100.72	0.72	0.00	0.00	0.00	101.44
2213 Dog Park/Travis Dolphin						
101000 Cash - Operating	1,083.17	40.64	0.00	0.00	0.00	1,123.81
2214 Rotary Donation						
101000 Cash - Operating	166.73	0.10	0.00	0.00	0.00	166.83
2215 Hanging Basket Maintenance						
101000 Cash - Operating	-609.35	0.00	0.00	0.65	0.00	-610.00
2216 Parkland Subdivision Fee (formerly 7060)						
101000 Cash - Operating	139,213.09	426.78	0.00	0.00	0.00	139,639.87
2218 Carol Sampson Sherick Trail Memorial Fund						
101000 Cash - Operating	823.71	0.49	0.00	0.00	0.00	824.20
2219 Parks Donations						
101000 Cash - Operating	25,921.41	9.85	0.00	0.00	0.00	25,931.26
2221 Eagle Scout Project Fund						
101000 Cash - Operating	1,512.05	250.34	0.00	0.00	0.00	1,762.39
2222 Park Donations - Restricted						
101000 Cash - Operating	8,051.87	1.81	0.00	0.00	0.00	8,053.68
2310 Tax Increment District						
101000 Cash - Operating	174,489.32	25,402.86	0.00	0.00	157.18	199,735.00
102220 Cash - Revenue Bond Reserve	40,000.00	0.00	0.00	0.00	0.00	40,000.00
Total Fund	214,489.32	25,402.86			157.18	239,735.00
2372 Permissive Medical Mills						
101000 Cash - Operating	0.00	6,888.37	0.00	382.67	0.00	6,505.70
2386 Street Permits Revenue						
101000 Cash - Operating	4,023.39	201.94	0.00	0.00	0.00	4,225.33
2390 Drug Forfeiture Fund						
101000 Cash - Operating	-1,084.66	170.83	0.00	0.24	545.00	-1,459.07
2394 Building Code Enforcement						
101000 Cash - Operating	-41,195.60	6,573.61	0.00	93.73	7,456.84	-42,172.56
2395 Tree Fund						

Funds 1000-7120

Fund/Account	Beginning Balance	Received	Transfers In	Disbursed	Transfers Out	Ending Balance
101000 Cash - Operating	3,726.04	2.39	0.00	0.00	11.00	3,717.43
2401 Light Maintenance District #19						
101000 Cash - Operating	20,524.92	2,012.76	0.00	0.00	1,351.08	21,186.60
2402 Light Maintenance District #20						
101000 Cash - Operating	5,839.52	873.94	0.00	0.00	1,164.26	5,549.20
2500 Weed Cleanup Maintenance Fund						
101000 Cash - Operating	21,380.28	11.32	0.00	0.00	0.00	21,391.60
2510 Sidewalk Loan Fund						
101000 Cash - Operating	61,684.87	36.49	0.00	0.00	0.00	61,721.36
2701 Fire Barnowsky Estate Donation						
101000 Cash - Operating	370.75	0.22	0.00	0.00	0.00	370.97
2702 Fire Training Center Donations						
101000 Cash - Operating	14,555.38	532.50	0.00	0.00	0.00	15,087.88
2703 Fire Memb. Donation Fund						
101000 Cash - Operating	3,447.08	1.22	0.00	0.00	0.00	3,448.30
2710 Kids Safety/POLICE/FIRE						
101000 Cash - Operating	497.56	0.29	0.00	0.00	0.00	497.85
2720 Police Donations						
101000 Cash - Operating	1,491.19	3.50	0.00	0.00	0.00	1,494.69
2810 Police Training Fund						
101000 Cash - Operating	4,137.41	14,507.36	0.00	0.00	0.00	18,644.77
2820 Gas Apportionment Tax Fund						
101000 Cash - Operating	26,097.41	9,176.98	0.00	0.00	7,198.15	28,076.24
2876 POLICE FEDERAL C.O.P.S. GRANT						
101000 Cash - Operating	-1,500.40	10,731.71	0.00	0.00	3,437.78	5,793.53
2932 Parks ARRA Recycle Grant						
101000 Cash - Operating	499.51	0.66	0.00	0.00	0.00	500.17
2943 RCDI/Growth Policy						
101000 Cash - Operating	5,658.86	3.34	0.00	0.00	0.00	5,662.20
3500 SPECIAL ASSESSMENT DEBT-Revolving Fund						
101000 Cash - Operating	154,372.71	91.31	0.00	0.00	0.00	154,464.02
3542 SID #42 Streetscape Main St. Imp. Project						
101010 Cash - Sinking and Interest	9,804.70	6,282.23	0.00	0.00	0.00	16,086.93
102220 Cash - Revenue Bond Reserve	37,500.00	0.00	0.00	0.00	0.00	37,500.00
Total Fund	47,304.70	6,282.23				53,586.93
4520 Streetscape/Main St. Imp. Project						
101000 Cash - Operating	4,667.40	2.76	0.00	0.00	0.00	4,670.16
4530 TIFD City Dock & Walkpath project						
101000 Cash - Operating	332,591.18	74.83	3,747.48	3,050.00	63,581.04	269,782.45
5010 Golf Fund						
101000 Cash - Operating	38,212.92	34,919.32	0.00	0.06	37,983.40	35,148.78
102216 Cash - Rev Bond Sinking & Intere	26,196.58	0.00	0.00	0.00	0.00	26,196.58
102230 Cash - Surplus Reserve	123,054.08	143.02	0.00	0.00	0.00	123,197.10
102240 Cash - Replacement/Depreciation	25,140.40	0.00	0.00	0.00	0.00	25,140.40
Total Fund	212,603.98	35,062.34		0.06	37,983.40	209,682.86
5201 Water Impact Fees						
102250 Cash Impact Fee/Restricted	254,601.06	1,241.81	0.00	0.00	0.00	255,842.87
5210 Water Fund						

Funds 1000-7120

Fund/Account	Beginning Balance	Received	Transfers In	Disbursed	Transfers Out	Ending Balance
101000 Cash - Operating	176,023.70	68,739.89	223.17	30.39	53,451.09	191,505.28
102216 Cash - Rev Bond Sinking & Intere	9,046.26	0.00	0.00	0.00	0.00	9,046.26
102220 Cash - Revenue Bond Reserve	18,979.00	0.00	0.00	0.00	0.00	18,979.00
102230 Cash - Surplus Reserve	7,965.53	592.63	0.00	0.00	0.00	8,558.16
102240 Cash - Replacement/Depreciation	838,571.03	1,600.00	0.00	0.00	0.00	840,171.03
102300 Cash - Customer Deposits	13,490.25	350.00	0.00	0.00	150.00	13,690.25
103010 Cash Drawer	200.00	0.00	0.00	0.00	0.00	200.00
Total Fund	1,064,275.77	71,282.52	223.17	30.39	53,601.09	1,082,149.98
5301 Sewer Impact Fees						
102250 Cash Impact Fee/Restricted	61,041.16	1,377.46	0.00	0.00	0.00	62,418.62
5310 Sewer Fund						
101000 Cash - Operating	383,814.27	43,456.94	370.82	9,822.78	51,026.62	366,792.63
102240 Cash - Replacement/Depreciation	1,449,264.08	3,578.00	0.00	0.00	0.00	1,452,842.08
Total Fund	1,833,078.35	47,034.94	370.82	9,822.78	51,026.62	1,819,634.71
5390 Stormwater Project Fund						
101000 Cash - Operating	87,885.80	9,016.03	217.78	8.00	4,833.91	92,277.70
7120 Fire Disability & Pension (Third Class City)						
101000 Cash - Operating	0.00	14,505.00	0.00	0.00	0.00	14,505.00
Totals	5,150,357.58	430,750.23	4,626.75	20,774.90	489,222.62	5,075,737.04

CITY OF POLSON
COMMISSION AGENDA ITEM SUMMARY

Agenda Item Number: 7 (Motion) An Ordinance to adopt Chapter 3, Article 4. Stormwater, Article 5. Utility Poles, Article 6. Public Works Standards and Article 7. Infrastructure Rebate to the City of Polson Book of Ordinances
Commissions meeting Date: May 4, 2015
Staff Contact: Mark Shrives.

AGENDA ITEM SUMMARY: This Agenda Item requests City Commission adoption of An Ordinance to adopt Chapter 3, Article 4. Stormwater, Article 5. Utility Poles, Article 6. Public Works Standards and Article 7. Infrastructure Rebate to the City of Polson Book of Ordinances. This will be the first reading of this Ordinance. The second reading will be May 4, 2015

BACKGROUND: Several months ago it was proposed to review and recodify the City of Polson Municipal Code. Rather than rewrite the entire code and then adopt all of the code at one time, based on staff recommendation, the City Commission directed that we move forward with the recodification process and adopt the new code in pieces when completed.

ANALYSIS: City staff has also reviewed the additions and changes and have provided their input.

FINANCIAL CONSIDERATIONS: None

STAFF RECOMMENDATION: Staff recommends approval of the 1st reading of the Ordinance

SUGGESTED MOTION: ***I make a motion to approve the 1st reading of the Ordinance adopting Chapter 3, Article 4. Stormwater, Article 5. Utility Poles, Article 6. Public Works Standards and Article 7. Infrastructure Rebate to the City of Polson Book of Ordinances***

ATTACHMENTS:

1. Ordinance with Chapter 3, Articles 4,5,6,and 7

ORDINANCE Ord #_____

**AN ORDINANCE TO ADOPT
CHAPTER 3, ARTICLES 4. STORMWATER,
ARTICLE 5. UTILITY POLES, ARTICLE 6. PUBLIC WORKS
STANDARDS AND ARTICLE 7. INFRASTRUCTURE REBATE
TO THE CITY OF POLSON BOOK OF ORDINANCES**

WHEREAS, the City Commission of Polson has determined that it is in the best interests of the citizens of Polson to reestablish, rewrite and reauthorize the Ordinances of the City;

WHEREAS, the Commission recognizes the most expeditious way of adopting such Ordinances is by adoption in a near sequential manner over a term of months to give the Commission and the public time to review the material;

WHEREAS, it appears in the best public interest that the following ordinances be adopted for the City of Polson;

NOW, THEREFORE, BE IT ORDAINED by the City of Polson that the following Articles of the Ordinances of the City of Polson be adopted in full as attachments hereto:

CHAPTER 3

ARTICLE 4. STORMWATER

ARTICLE 5. UTILITY POLES

ARTICLE 6. PUBLIC WORKS STANDARDS

ARTICLE 7. INFRASTRUCTURE REBATE

All previous versions adopted by the City of Polson of these parts of the municipal code are hereby expressly repealed and replaced with these Ordinances. Any inconsistencies created in adopting such provisions are to be liberally construed in favor of the citizenry of the City.

The clerk is hereby instructed to codify this Ordinance and to place the same in the Book of Ordinances of the City of Polson.

BE IT FURTHER ORDAINED, that the clerk is hereby instructed to publish this Ordinance and to make the same available for public inspection and copying during normal business hours of the City.

Date:_____
First Reading: ____ayes ____nays ____abstentions

Date:_____
Second Reading: ____ayes ____nays ____abstentions

Effective Date: _____

_____
Mayor

Attest:

_____
City Clerk

ARTICLE 4. STORM WATER

3.04.010 Purpose
3.04.020 Definitions
3.04.030 Service Area
3.04.040 Operation Cost Determination
3.04.050 Monthly Storm Water Service Charge
3.04.060 Monthly Billing
3.04.070 Establishment of Fund
3.04.080 Flood Insurance
3.04.090 Cooperation with County
3.04.100 Coordination with Montana Department of Transportation
3.04.110 Submission of Plans by Developers
3.04.120 Responsibility for Accepted Storm Water Facilities
3.04.130 Applicability to Government Entities
3.04.140 Violations

3.04.010 Purpose.

The city commission finds that the establishment of a storm water utility system is necessary in order to decrease drainage related damage to public and private property; to promote the safety of public roads and rights-of-way, to further storm water management within the city; to address drainage issues related to new developments within the city; to minimize water quality degradation and soil erosion and sedimentation; to minimize adverse impacts on property owners adjacent to developing and developed land to minimize damage to existing street pavement; to reduce street maintenance and repair costs; to encourage the construction of permanent-type pavements; to preserve the quality of natural waters in the Flathead Basin; and to dispose of storm water which might otherwise collect and provide a breeding ground for mosquitoes and other disease carrying insects.

3.04.020 Definitions.

For the purposes of this chapter, the following words and phrases shall have the meanings indicated:

-*Code* means the city of Polson Municipal Code.

-*Developed Property* means property which has been altered from its natural state by the addition of any improvements such as buildings, structures, or other impervious area.

-*Fee or Storm Water Utility System Fee* means the charge established under this Chapter, as the same may be amended from time to time, and levied on owners of parcels or pieces of property to fund the costs of operating, maintaining, and improving the storm sewer system in the city.

-*Property Owner* means the property owner of record as listed in the State assessment roll. A property owner includes any individual, corporation, firm, partnership, or group of individuals acting as a unit, and any trustee, receiver, or personal representative.

-*Storm Water System Utility Fund or Fund means* the Fund created by this Chapter to

operate, maintain, and improve the city's storm water system.

-*Storm Water Management means* the planning, design, construction, regulation, improvement, repair, maintenance, and operation of facilities and programs relating to the storm water system.

-*Storm Water System means* the system or network of storm and surface water management facilities including but not limited to curbs, gutters, inlets, conduits, manholes, channels, ditches, drainage easements, retention and detention basin, infiltration facilities and other components as well as all natural waterways.

3.04.030 Service Areas

The storm water utility system service area shall be:

A, Inclusive of all property annexed to the city and bounded by the incorporated city limits, as such limits may be adjusted by the city commission; and

B. The city reserves the right to plan for drainage improvements outside the service area. The city may also construct storm water improvements out of the service area, when needed as an integral part of the storm drain facilities located within the service area.

3.04.040 Operation Cost Determination.

The city manager shall determine the total annual cost of operation and maintenance of the storm water system, including all maintenance, and shall develop an operating plan for the system. The total annual cost of operation and maintenance shall include, but need not be limited to, labor, repairs, equipment replacement, maintenance, necessary modifications, power, sampling, laboratory tests and a reasonable contingency fund.

3.04.050 Monthly Storm Water Service Charge.

For the purpose of paying the cost of operation, maintenance, administration and routine functions of the existing city's storm water facilities and the operation, maintenance and administration of such future storm water facilities as may be established within, or without, the service area and to pay for the review of sewer plans, and the design, right-of-way acquisition and construction or reconstruction of storm sewer facilities, a monthly storm sewer service charge is imposed and made applicable to all developed property within the city limits. The cost shall be assessed to each parcel in the service area at the rate established by resolution of the commission.

3.04.060 Monthly Billing

The monthly charge for city storm sewer service shall be included on the monthly bill for city water and/or sewer. The real property owner shall be responsible for the payment in full of the monthly bill for city storm sewer. Failure of the real property owner to pay the assessment will subject the property to the termination of water service as authorized pursuant to these ordinances and Montana law.

3.04.070 Establishment of Fund

All storm sewer charges shall be collected as provided in this Chapter and credited to a fund to be known *as* the "Stormwater System Fund", which Fund shall be at all limes segregated and maintained by the city clerk on the books of the city as a separate and special fund. All revenues collected from the Storm Sewer Utility Fee, grants, permit fees and other charges collected shall be deposited to the Fund. The commission may make additional appropriations to the Fund. All disbursements from the Fund shall be for the following purposes: The acquisition by gift, purchase or condemnation of real and personal property, and interests therein, necessary to construct, operate, and maintain storm sewer facilities; all costs of administration and implementation of the stormwater management program, including the establishment of reasonable operating and capital reserves to meet unanticipated or emergency stormwater management requirements; engineering and design, debt service and related financing expenses, construction costs for new facilities, and enlargement or improvement of existing facilities; operation and maintenance of the storm sewer system; monitoring, surveillance, and inspection of storm water system facilities; water quality monitoring and water quality programs; retrofitting developed areas for pollution control; inspection and enforcement activities; billing and administrative costs; and all other activities which are reasonably required.

3.04.080 Flood Insurance.

Floods from storm drainage may occasionally occur which exceed the capacity of storm drainage sewer facilities constructed and maintained using funds made available under this ordinance. This ordinance does not imply that property liable for the rates and charges established in this ordinance will always be free from storm drainage flooding or flood damage. This ordinance does not purport to reduce the need or the necessity for the owner obtaining flood insurance and protecting the owner's property from storm drainage.

3.04.090 Cooperation with County.

The city shall, in all ways and within the limits of its powers, solicit Lake County, itself or by and through its several subordinate governing bodies, to cooperate in providing drainage facilities in storm drainage basins, or parts thereof, extending outside the city and in general to carry out the drainage plan developed therein. Maps showing all storm drainage basins and proposed facilities shall be furnished to the Lake County Commission for use in this matter.

3.04.100 Coordination with Montana Department of Transportation.

The city shall solicit the Montana Department of Transportation's financial participation in all storm drainage improvements constructed on or impacted by federal aid routes within the city limits. This solicitation shall be in accordance with any existing city/State Storm Drain Agreement.

3.04.110 Submission of Plans by Developers.

A. All developers applying for any of the following permits and/or approvals shall submit for approval a a drainage plan prepared by a professional engineer with their application and/or request:

1. Major subdivision plat approval;

2. Minor subdivision plat approval.

B. Commencement of construction work under any of the above permits or applications shall not begin until such time as final approval of the drainage plan is obtained in accordance with the ordinance codified in this chapter.

C. The same plan submitted during one permit/approval process may be subsequently submitted with further required applications. The Plan shall be supplemented with such additional information as may be requested by the city of Polson planning staff or its city manager.

D. The plan requirement established in this section will apply except when the developer demonstrates to the satisfaction of the city staff and/or City-County Planning Board that the proposed activity or development:

1. Will neither seriously nor adversely impact the water quality conditions of any affected receiving bodies of water, and;

2. Will not alter the surface discharge location, alter the drainage pattern on adjoining properties, alter drainage patterns, increase the discharge, nor cause any other adverse effects in the drainage; and

3. Will not alter the subsurface drainage patterns, flow rates, and discharge points, nor result in any significant adverse effects to property or residents.

E. Drainage plans shall be prepared in accordance with the rules, regulations, and standards as the same then exists, and shall be consistent with the criteria set forth in this chapter.

F. At the time of approval of the drainage plan for the subject property, a schedule for inspection of construction and facilities will be established by the city planning staff.

3.04.120 Responsibility for Accepted Stormwater Facilities.

All stormwater facilities constructed, installed or provided hereunder within public right-of-way shall, upon acceptance by the city, become the property of the city, and the city thereafter shall be responsible for the operation and maintenance of the facilities. The city shall maintain all accepted public storm sewer facilities located within city-owned land, city rights-of-way and city easements. The city has the option to maintain other accepted public stormwater facilities located within or adjacent to the city. Such public facilities include, but are not limited to, open drainage ways and piped drainage ways constructed, expressly for use by the general public and as a part of the city stormwater facilities, bridges, roadside drainage ditches and glitters, flood control facilities, including detention and retention basins, dikes, overflow channels, and pump stations, that have been designed and constructed expressly for use by the public. Such public storm sewer facilities exclude facilities not accepted by the city for maintenance.

3.04.130 Applicability to Governmental Entities.

A. All governmental entities shall be required to submit a drainage plan and comply with the

terms of the ordinance codified in this chapter when developing and/or improving land including but not limited to, road construction and reconstruction, and other improvements that can affect stormwater within the city.

B. It is recognized that county, state and federal permit conditions may apply to the proposed action and that compliance with the provisions of the ordinance codified in this chapter does not constitute compliance with such requirements.

3.04.140 Violations.

Violations of the ordinance codified in this Chapter is a misdemeanor and shall be punishable in accordance with the general penalties in the Polson Municipal Code. In addition to the foregoing penalty, and as set forth above, the city manager may, pursuant to such policies as that officer may develop, direct the supply of water or provision of sanitary sewer service to the premises to be discontinued from the premises where such violation is found in accordance with Section 7-13-4306 of the Montana Code Annotated. As an alternative method of enforcement, the city may initiate an action to enjoin any development undertaken in violation of the ordinance codified in this chapter by making application for an injunction in any court of competent jurisdiction.

(Ord. _____, Adopted June 19, 2009)

ARTICLE 5. UTILITY POLES

Sec. 03.05.100. Location of poles and lines.
Sec. 03.05.110. Change of pole locations; city rights reserved.
Secs. 03.05.120-03.05.199. Reserved.

Sec. 03.05.100. Location of poles and lines.

A. Wherever possible, lines shall be erected in alleys. Lines shall be laid out, wherever possible, so as to follow one side of the street or alley so that the number of street crossings and corners shall be reduced to the minimum.

B. No poles except ornamental light poles shall be erected or maintained on Main Street, except where necessary to maintain municipal lamps and service wires:

C. New pole locations shall be made under the direction of the director of public works and with the approval of the city commission.

D. Where double-pole lines are necessary for light and power and for signal wires on one side of a street or alley, the construction shall be governed by the rules and specifications governing joint pole line construction.

Sec. 03.05.110. Change of pole locations; city rights reserved.

The city expressly reserves the right to order and enforce the change of location of any and all poles or appliances erected or maintained whenever the director of public works orders any such change of location, and such change of location shall be made at the expense of the person, company or corporation owning or using any such pole or appliance.

Secs. 03.05.120-03.05.199. Reserved.

ARTICLE 6. PUBLIC WORKS STANDARDS

Sec. 03.06.100. Adoption of the Montana Public Works Standard Specifications.
Sec. 03.06.110. Adoption of City of Polson Modifications to the Montana Public Works Standard Specifications.
Sec. 03.06.120. Adoption of the city design standards and specifications policy.
Sec. 03.06.130. Amendment of the city modifications to the MPWWS and city design standards and specifications policy.
Secs. 03.06.140-03.06.199. Reserved.

Sec. 03.06.100. Adoption of the Montana Public Works Standard Specifications.

A. The current edition of the Montana Public Works Standard Specifications (MPWSS), including all accompanying appendices, amendments and modifications adopted by the Association of General Contractors, Montana Chapter of the American Public Works Association and the Civil Engineers Council of Montana, and as amended from time to time, are adopted by reference and incorporated in this article as if fully set forth

herein, except as may be noted in this article, by future administrative order, or by any regulations not applicable to local government jurisdictions.

B. One copy of the MPWSS shall be kept on file in the office of the city clerk and one copy shall be kept on file in the office of the director of public works.

C. Any amendments or addendums adopted by the Association of General Contractors, Montana Chapter of the American Public Works Association and the Civil Engineers Council of Montana which apply to local government jurisdictions, including the adoption of the latest edition of MPWSS, shall become effective upon execution of an administrative order of the city manager unless a different effective date is specified in the administrative order.

D. A copy of the amendment notification and the corresponding new edition will be kept in the offices of the city clerk and the director of public works.

E. The Montana Public Works Standard Specifications as adopted in subsection A of this section are applicable within the city and to all projects falling under the supervision and jurisdiction of the director of public work.

Sec. 03.06.110. Adoption of City of Polson Modifications to the Montana Public Works Standard Specifications.

A. The City of Polson Modifications to the MPWWS (modifications) as drafted by the director of public works are hereby adopted by reference and incorporated in this article as if fully set forth herein, except as may be noted in this article, by future administrative order, or by other amendment.

B. One copy of the modifications shall be kept on file in the office of the city clerk and one copy shall be kept on file in the office of the director of public works of the city.

C. The modifications, as adopted, are applicable within the city and to all projects falling under the supervision and jurisdiction of the director of public works.

Sec. 03.06.120. Adoption of additional city design standards and specifications.

A. The city design standards and specifications policy as drafted by the director of public works is hereby adopted by reference and incorporated in this article as if fully set forth herein, except as may be noted in this article, by future administrative order, or by other amendment.

B. One copy of the policy shall be kept on file in the office of the city clerk and one copy shall be kept on file in the office of the director of public works.

C. The policy, as adopted, is applicable within the city and to all projects falling under the supervision and jurisdiction of the director of public works.

Sec. 03.06.130. Amendment of the city modifications to the MPWWS and city design standards and specifications policy.

A. Any amendments to the modifications and the policy shall first be drafted and reviewed by the city engineer, with comment from the public. These amendments, when compiled and reviewed, shall be forwarded to the city manager for approval as appropriate.

B. The city manager may approve the changes and adopt them by issuance of an administrative order. The effective date of the changes shall be upon execution of the administrative order unless the order specifies otherwise. The city manager may also decline to adopt the changes by administrative order. In the event the city manager declines to adopt the changes by administrative order, the city engineer shall be notified of this decision and the proposal may be submitted through the ordinance amendment procedure.

C. A copy of the amendment notification, when approved, will be kept in the office of the city clerk and the director of public works. A copy of the revised modifications or policy shall accompany this notification.

D. The modifications and the design standards and specifications policy, as amended, are applicable within the city and to all projects falling under the supervision and jurisdiction of the director of public works.

Secs. 03.06.140-03.06.199. Reserved.

ARTICLE 7. INFRASTRUCTURE REBATE

Sec. 03.07.100. Rebate for privately financed water and/or sewer mainline extensions.
Secs. 03.07.110-03.07.199. Reserved.

Sec. 03.07.100. Rebate for privately financed water and/or sewer mainline extensions.

A. Private property owners may contract to install public water and/or sewer mains within public rights-of-way or public easements at their own expense after obtaining approval from both the city and state of Montana authorities, and obtaining applicable permits. Said utility mains must be installed in conformance with the rules and regulations of both the city and the state of Montana, and under the direction of the director of public works or water and sewer superintendent. The property owners shall grant to the city any and all easements required by the city for the operation and maintenance of any such utility lines which are connected to the city municipal utility systems.

B. Conditioned upon acceptance and approval of the installed public utility mains provided under this section, the property owner who financed the installation, may request the city to establish a rebate for the cost of installation of such utility main lines, and shall file with the city such data as the city shall require to establish the rebate, itemizing all expenses in connection with the installation including construction and engineering costs.

C. Upon acceptance and approval by the city of both the utility lines as installed, the itemization of expenses, and for a term of 20 years thereafter, a fund shall be established by the city for the purpose of collecting reimbursement funds from all property owners adjacent to the privately installed main, desiring to tap into such main. The amount of the rebate shall be a proportionate amount of installation cost determined by dividing the installation cost by the number of lots fronting on the main extension at the time the reimbursement fund is established. Any property owner desiring to tap into such utility main to connect a building or structure, shall not be issued a connection permit until the proportionate share of the rebate applicable to such property, as determined by the city, has been paid to the fund established therefore. This rebate is in addition to all other connection charges required by the city. In establishing the fund, the city takes no responsibility to monitor future connections to the main for which the fund was established.

D. The city shall establish a separate rebate fund for each approved utility main rebate as provided under this chapter and shall disburse the rebate funds when received, to the party who financed the installation, or to his heirs, successors, and assigns upon presentation of appropriate proof, and if no qualified payee can be located, the rebate funds so collected shall revert to the general funds of the city.

(Ord. 523, amended March 15, 2010, Ord. 655)

Secs. 03.07.110-03.07.199. Reserved.

CITY OF POLSON
CITY COMMISSION AGENDA ITEM SUMMARY

Agenda Item Number: 8 (MOTION REQUESTED)
Meeting Date: May 4, 2015
Staff Contact: Mark Shrives

AGENDA ITEM SUMMARY: Requesting council to approve a resolution to adopt fees for the excavation of city property or right of ways.

BACKGROUND: The City passed Ordinance # 2015-004 to provide for the orderly and efficient use of its right of ways and easements and to have an accurate tracking system of this use. With this resolution, the City will set these fees to provide for the maintenance and purchase of easements and right of ways. As a result of this resolution, the City will do this through the user fees rather than taxpayer or ratepayer fees.

ANALYSIS: See the resolution for a summary of the fees and charges.

FINANCIAL CONSIDERATIONS: The fees will cover the administration costs in the implementation of this fee schedule.

STAFF RECOMMENDATION: City Staff has recommended passage of this amendment.

SUGGESTED MOTION: Motion to approve the resolution to adopt fees as recommended for the excavation of city property or right of ways

ATTACHMENTS: Resolution to be adopted

Resolution No.: RES#_____

A RESOLUTION TO ADOPT FEES FOR THE EXCAVATION OF CITY PROPERTY OR RIGHT OF WAY

WHEREAS, the City of Polson wishes to provide for the orderly and efficient use of its public rights of way and easements;

WHEREAS, it has been noted that as technology has grown as has the City that more demand has been and is being placed upon the use of the rights of way;

WHEREAS, the City wishes to maintain a tracking system of the use of the rights of way and to provide for its purchase and maintenance through user fees rather than taxpayer or ratepayer fees;

WHEREAS, accurate tracking and placement of the various utilities will provide for orderly growth and service to the community;

WHEREAS, the city manager and city finance officer have determined that an indirect cost for administrative purposes of seven percent (7%) is adequate to support the direct services provided in the administration of the fees proposed herein; such sum is included in the fees set forth herein; and

WHEREAS, it appears in the best interests of the citizens of Polson, that reasonable and adequate fees be required for all excavations within the City rights of way and grounds such fees on the average direct and indirect costs to provide plan checking, permit administration, field inspection, records management, and warranty inspection;

NOW THEREFORE BE IT RESOLVED BY THE CITY OF POLSON, that the following fee schedule for excavations authorized by Ordinance # 2015-004, within the City as that term is defined by Ordinance are adopted:

A. Excavation Permits for Sanitary Sewer and Water: $250.00

Plus assessment for asphalt or concrete cut as follows.

B. Excavation permits for Miscellaneous Excavations:

1. New utility mains including sewer, water, storm drain, gas, electric, phone, fiber optic, and cable television are:

   a. Utility main construction: 0-50 lineal feet: $150.00
   b. Utility main construction greater than 50 lineal feet: $200.00
      Cost per lineal foot exceeding 300 feet (trenching) $1.10/ft
      Cost per lineal foot exceeding 300 feet (boring) $0.50/ft

2. All other permits including repair permits: $150.00

Plus assessment for asphalt or concrete cut as follows.

C. Excavation Investigation fee. Additional fees may be assessed and collected for extraordinary investigations in the discretion of the Street Superintendent as provided by the Ordinance.

The asphalt cut assessment rate shall be determined per the following table:

AGE	ARTERIAL	COLLECTOR	LOCAL
2 years or less	$20/SF*	$15/SF*	$10/SF*
More than 2 years to 5	$15/SF	$12/SF	$8/SF
More than 5 years to	$10/SF	$8/SF	$4/SF
Excellent condition	$8/SF	$4/SF	$1/SF
Pavement < 10 years old and/or seal coat that is < 5 years old outside the asphalt patch that is damaged during excavation operations	$3/SF	$2/SF	$1/SF
Seal Coat 5 years or	$3/SF	$2/SF	$1/SF

All Resolutions or part of resolutions in conflict herewith are hereby amended to the extent of any such conflict.

The clerk is hereby instructed to place this Resolution in the Book of Resolutions and the City of Polson Schedule of Fees.

Ayes _____ Nays _____ Abstentions _____

PASSED AND APPROVED this _____day of _____ 2015.

EFFECTIVE DATE: _____

_____
Heather Knutson, Mayor

ATTEST:

_____
Cora E. Pritt, City Clerk

DIVISION 4. ECONOMIC DEVELOPMENT COUNCIL

Sec. 2.05.400. Purpose and intent.
Sec. 2.05.410. Creation: powers, duties and authority; membership.
Secs. 2.05.420-2.05.499. Reserved.

Sec. 2.05.400. Purpose and intent.

The purpose and intent of this division is to provide for an economic development council consisting of business leaders, economic development leaders, and others; to advise the city commission on economic development issues and to review the implementation of the City of Polson Economic Development Plan as adopted by commission resolution.

Sec. 2.05.410. Creation; powers, duties and authority; membership. 5

A. Creation; powers, duties and authority. The city commission creates the economic development council (EDC) and authorizes the EDC to exercise any of the following powers and duties:

1. Advise the city commission on economic development issues.
2. Review the implementation of the City of Polson Economic Development Plan and provide related recommendations.
3. Adopt bylaws, subject to the approval of the city commission, for the operation of the board.
4. The council may have such other duties and responsibilities as the city commission, from time to time, may direct.
5. The actions of the council shall be advisory only and shall not constitute policy of the city and shall not be binding upon the city commission or upon the city. The city may adopt all or any part of any recommendation of the council, with or without any changes made by the city commission as city policy.

B. Members; appointments and terms.

1. All appointments to the EDC shall be made by the city commission.

2. The majority of councilmembers shall be business leaders and economic development leaders.

3. Membership.

a. There shall be seven members of the economic development council and there shall always be at least five but not more than seven members of the EDC, amendable from time to time by duly approved resolution of the city commission. The terms of the initial seven members shall be as follows.

b. One member to serve for one year, two members to serve for two years, two members to serve for three years and two to serve for terms of four years from the date of their appointment. After initial terms, councilmembers shall serve three year staggered terms. Each member may be reappointed without any limitation on the number of reappointments. Vacancies shall be filled in the same manner as original appointments for the balance of the term remaining.

4. The city commission shall affirm one city commissioner to act as liaison between the council and commission.

5. A councilmember shall receive no compensation for the councilmember's service. Councilmembers shall be entitled to previously authorized expenses, including travel expenses, incurred during the discharge of duties.

6. Persons of legal age may be appointed to the council. A majority of the council shall be residents of the city. Nonresident members of the council

shall have some interest in the city by virtue of working in the city or owning property in the city.

7. A councilmember may be removed by a majority vote of the city commission for any reason.

C. Office of agency; staff support. The council shall maintain its records in the office of the city staff person designated to assist the council. The staff person so designated shall attend most meetings of the council and will be responsible to assist the council in the scheduling of meetings, preparation and distribution of agendas and meeting minutes and perform other supportive functions that may be considered reasonable in the execution of the duties of the council. The staff person may also serve as the liaison between the council, the city manager and the city commission.

D. Meetings; election of officers.

1. The economic development council shall hold meetings as it deems necessary to execute its powers and duties as provided in this section.

2. The economic development council shall adopt bylaws enabling it to elect officers, set officer terms, and establish regular meeting times.

E. Duration. The economic development council shall remain in effect as long as necessary to achieve the goal of the council.

F. Ethics provisions. All council activities and members are subject to all other provisions of this Code, including the code of ethics.

G. State law applicable. All meetings of the council shall be subject to the open meeting laws and may not be held with less than 48 hours' notice. All written and electronic information shall be considered a public record and subject to disclosure pursuant to state law.

Secs. 2.05.420-2.05.499. Reserved.

City of Polson
Application for Board Vacancy

Name of Board You are applying for: Res Tax

Your Name: Lou Marchello

Home Address: 184 Rocky Pt Rd - 214 Main St (Sto

Do You reside within the Polson City Limits? Yes: ☑ No: ☐

How long have you lived in Polson? 43

Are you a registered voter? Yes: ☑ No: ☐

Home Telephone: 883-6184 Work Telephone: 883-2487

Occupation: Owner

Place of Employment: Crows Nest Gallery

Why do you want to become a Board Member?

I worked on Res Tax Befor when I was on the Concle

How do you feel you will best contribute as a Board Member?

Signature of Applicant: Lou Marchello Date: 4/3/15

Information on this application is public information. The information provided herein is true and complete. A false or misleading statement may be cause for elimination from consideration.

RECEIVED
APR 03 2015
BY:

RECEIVED
APR 06 2015
BY:

City of Polson
Application for Board Vacancy

Name of Board You are applying for: Polson Economic Development Council

Your Name: Paul Briney

Home Address: 217 JB Drive

Do You reside within the Polson City Limits? Yes: [XX] No: [ ]

How long have you lived in Polson? 16 years (30 years total in Lake County)

Are you a registered voter? Yes: [XX] No: [ ]

Home Telephone: 883-8196 Work Telephone: 883-6351

Occupation: Government/History teacher

Place of Employment: Polson School District #23

Why do you want to become a Board Member?

I have several reasons for my request to become a member of the Economic Development Council. I am proud to be a citizen of Polson and to be a witness of its recent economic growth but with the growth comes added strains on Polson's infrastructure, established business community, and taxpayers. I would welcome the opportunity to investigate and advise the City Commission, as a member of the council, what may be the best option available when it comes to the issue of additional taxes and the possibility of submitting a local option tax to the voters on the November General Election Ballot.

How do you feel you will best contribute as a Board Member?

I'm hopeful that my background teaching government for many years along with my experience living in the first community in Montana to enact a local option tax would be beneficial. I am open to any and all options when it comes to additional funding sources that will help mitigate the impact of Polson's increased economic growth. I am also willing to put in the time required to research, meet, and make any recommendations to the City Commission that the development council may see fit. Thank you for you consideration.

Signature of Applicant: Paul Briney Date: 4/6/15

*My desire is to serve (in order of preference) a three year term, four term, two year term, or a one year term.

Information on this application is public information. The information provided herein is true and complete. A false or misleading statement may be cause for elimination from consideration.

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APR 07 2015
BY:

City of Polson
Application for Board Vacancy

Name of Board You are applying for: ECONOMIC

Your Name: RICH FORBIS

Home Address: 101 MARIAS STREET, POLSON, MT

Do You reside within the Polson City Limits? Yes: [X] No: [ ]

How long have you lived in Polson? 21 yrs

Are you a registered voter? Yes: [X] No: [ ]

Home Telephone: 751-7406 Work Telephone: 883-8273

Occupation: COMMUNITY OUTREACH COORDINATOR AT PROVIDENCE ST. JOSEPH

Place of Employment: PROVIDENCE ST. JOSEPH MEDICAL CENTER

Why do you want to become a Board Member?

TO HELP INVESTIGATE A RESORT TAX

How do you feel you will best contribute as a Board Member?

BY BEING AN INVOLVED COMMUNITY MEMBER, INTERESTED IN FINDING WAYS TO FUND INFRASTRUCTURE AND OTHER CITY IMPROVEMENTS

Signature of Applicant: [signature] Date: 4/3/2015

Information on this application is public information. The information provided herein is true and complete. A false or misleading statement may be cause for elimination from consideration.

City of Polson
Application for Board Vacancy

RECEIVED
APR 09 2015
BY: ____

Name of Board You are applying for: Resort Tax Committee

Your Name: Rick Hill

Home Address: 64 Hogan Way

Do You reside within the Polson City Limits? Yes: [X] No: [ ]

How long have you lived in Polson? 8 yrs.

Are you a registered voter? Yes: [X] No: [ ]

Home Telephone: 883-3404 Work Telephone: ——

Occupation: N/A

Place of Employment: N/A

Why do you want to become a Board Member?

- To give input on improving our City.
- to give back to the town that's been so good to our family.

How do you feel you will best contribute as a Board Member?

Sharing ideas with others ... All good things begin with ideas.

Signature of Applicant: Rick Hill Date: 4-9-15

Information on this application is public information. The information provided herein is true and complete. A false or misleading statement may be cause for elimination from consideration.

City of Polson
Application for Board Vacancy

Name of Board You are applying for: Resort Tax Advisory Board

Your Name: Rick Rattanin

Home Address: 109 Gallatin St. Polson Mt. 59860

Do You reside within the Polson City Limits? Yes: [X] No: [ ]

How long have you lived in Polson? 10 years

Are you a registered voter? Yes: [X] No: [ ]

Home Telephone: 406 883-2260 Work Telephone: 396-6645 - Cell

Occupation: Retired

Place of Employment:

Why do you want to become a Board Member?

I think I can help in outlining a Tax Code that will work for the people/Tax payers that live in Polson

How do you feel you will best contribute as a Board Member?

I was a board member of a Resort Tax program in our previous living AREA.

Signature of Applicant: R Rattanin Date April 9. 2015

Term - Any available

Information on this application is public information. The information provided herein is true and complete. A false or misleading statement may be cause for elimination from consideration.

RECEIVED
APR 09 2015
BY: Beth

RECEIVED
APR 10 2015
BY: CP 10:41 A.M.

City of Polson
Application for Board Vacancy

Name of Board You are applying for: ECONOMIC DEVELOPMENT COUNCIL

Your Name: MARK EVERTZ

Home Address: 901 13TH AVE EAST APT C2

Do You reside within the Polson City Limits? Yes: [X] No: [ ]

How long have you lived in Polson? 50

Are you a registered voter? Yes: [X] No: [ ]

Home Telephone: 406-212-1841 Work Telephone: N/A

Occupation: RETIRED

Place of Employment: N/A

Why do you want to become a Board Member?

TO HELP POLSON GROW THE RIGHT WAY

How do you feel you will best contribute as a Board Member?

Signature of Applicant: Mark Evertz Date: 4/10/2015

Information on this application is public information. The information provided herein is true and complete. A false or misleading statement may be cause for elimination from consideration.

APRIL 10, 2015

I WOULD LIKE TO BE CONSIDERED FOR ONE OF THE POSITIONS ON THE ECONOMIC DEVELOPMENT COUNCIL.

CITY GOVERNMENT POSITIONS HELD:

BOARD OF ADJUSTMENTS --1 FULL TERM AND PART OF ANOTHER TERM AND STARTED ANOTHER 3 YEAR TERM.

IMPACT FEE COMMITTEE

PARK BOARD

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APR 1 7 2015

Mark Evertz

MARK EVERTZ

POLSON, MONTANTA 59860

406-212-1842

RECEIVED
APR 15 2015
BY:

City of Polson
Application for Board Vacancy

Name of Board You are applying for: Economic Dev. Board 1-4yrs as needed

Your Name: Geraldine Browning

Home Address: 39418 Lakeview Dr. Polson, MT.

Do You reside within the Polson City Limits? Yes: [ ] No: [X]

How long have you lived in Polson? 27yrs

Are you a registered voter? Yes: [X] No: [ ]

Home Telephone: 883-5514 Work Telephone: 883-2668

Occupation: self employed owner of the Terrace

Place of Employment: The Terrace

Why do you want to become a Board Member?

I have operated a business on Main St. for 20 years & have a vested interest in the towns economic well being. Eventhough I don't live inside the City limits, I believe individuals like myself should have an active voice on how we shape our business community.

How do you feel you will best contribute as a Board Member?

I have sat on many boards from School Boards to Hospital Boards to Economic Dev. (PCDA). I always go in with an open mind & without an agenda. If there is a problem, we search for a solution. This includes talking to people & doing our do diligence. We arrive at a solution that is best for most people (you will never please everyone) & one that is financially, ethically & artistically the best we can do at that point in time.

Signature of Applicant: Geraldine P Browning Date: 4-8-15

Information on this application is public information. The information provided herein is true and complete. A false or misleading statement may be cause for elimination from consideration.

City of Polson
Application for Board Vacancy

Name of Board You are applying for: ECONOMICAL DEVELOPMENT COUNCIL

Your Name: RUSSELL STONE

Home Address: 502 5TH AVE E. POLSON MT 59860

Do You reside within the Polson City Limits? Yes: [X] No: [ ]

How long have you lived in Polson? 30 yrs

Are you a registered voter? Yes: [X] No: [ ]

Home Telephone: 406 883-3697 Work Telephone: 406 883-9469

Occupation: OWNER of WILDHORSE TRAMING

Place of Employment: ~~#~~ #10 7TH AVE E. POLSON

Why do you want to become a Board Member?

TO TRY & MAKE DIFFERENCE

How do you feel you will best contribute as a Board Member?

EXPERIENCE AS A BUSINESS OWNER for ~~60~~ 65 yrs

Signature of Applicant: Russell Stone Date: 04-15-2015

Information on this application is public information. The information provided herein is true and complete. A false or misleading statement may be cause for elimination from consideration.

RECEIVED
APR 15 2015
BY: 11:15 A.M.

City of Polson
Application for Board Vacancy

Name of Board You are applying for: Economic Development Council 1-4 as needed

Your Name: Carlisa London

Home Address: 40541 S Terrace Cir, Polson MT 59860

Do You reside within the Polson City Limits? Yes: [ ] No: [X]

How long have you lived in Polson? 15 yrs

Are you a registered voter? Yes: [X] No: [ ]

Home Telephone: 250-9103 Work Telephone: 250-9103

Occupation: General Manager

Place of Employment: Polson Motorcoach Resort & KOA

Why do you want to become a Board Member?

As a local citizen and business owner I am committed to Polson. I would like to be involved in the economic issues of our community, as they are the driving force to its success.

How do you feel you will best contribute as a Board Member?

I always strive to understand both sides of an issue and find common ground so that a compromise can be reached. I have a business degree and understand financial statements and issues facing both a business and a family. I firmly believe in doing what is best for the community as a whole.

Signature of Applicant: Carlisa London Date: 4/15/15

Information on this application is public information. The information provided herein is true and complete. A false or misleading statement may be cause for elimination from consideration.

RECEIVED
APR 15 2015
BY:

City of Polson
Application for Board Vacancy

Name of Board You are applying for: Economic Committee / Resort Tax

Your Name: Louis Cross

Home Address: 39438 Suncrest Lane

Do You reside within the Polson City Limits? Yes: [ ] No: [X]

How long have you lived in Polson? 13 years

Are you a registered voter? Yes: [X] No: [ ]

Home Telephone: 261-5601 Work Telephone: 883-8365

Occupation: Department Manager

Place of Employment: Kwalagnuk Resort & Casino

Why do you want to become a Board Member?

I am a long time resident of Polson and interested in it's future as a successful, thriving town.

How do you feel you will best contribute as a Board Member?

For the last 5 years I have worked in hospitality which has put me in a position where I am in constant contact with the tourism industry. I have been a Polson Chamber of Commerce for the last 2 1/2 years, and current Board President, so I am commited to the Polson Community and it's success.

Signature of Applicant: Louis Cross Date: 4/15/15

Information on this application is public information. The information provided herein is true and complete. A false or misleading statement may be cause for elimination from consideration.

citymanager@cityofpolson.com

City of Polson
Application for Board Vacancy

Name of Board You are applying for: Economic Development Council

Your Name: Becky Dupuis

Home Address: 1511 Hillcrest, Polson, MT 59860

Do You reside within the Polson City Limits? Yes: ☒ No: ☐

How long have you lived in Polson? 49 yrs

Are you a registered voter? Yes: ☒ No: ☐

Home Telephone: 883-2433 Work Telephone: 883-8603

Occupation: Film Buyer

Place of Employment: Polson Theatres, Inc.

Why do you want to become a Board Member?

I was prompted to become a board member because I am interested in whether or not the Resort Tax can benefit Polson. As a business owner I am interested in all economic development issues.

How do you feel you will best contribute as a Board Member?

I feel I will provide ~~perspective~~ perspective as a business owner in Polson. As a lifelong Polson resident I also feel I can provide some historical perspective - where Polson has been & where do we want to be. Polson Theatres operates theatres in 9 Montana towns which may also allow me to contribute economic ideas working in other communities

Signature of Applicant: Rebecca Dupuis Date: 4/17/15

Information on this application is public information. The information provided herein is true and complete. A false or misleading statement may be cause for elimination from consideration.

QUESTIONS:

1) *Based on your knowledge, experience, history, skills, training, etc., how do you think you can contribute, or what do you think you contribute most to this Board and for the resort tax process?*

2) *What suggestions do you have for gathering input and communicating with the public throughout the resort tax research process?*

3) *Please describe your comfort level and experience in working with a group of people with various perspectives, and the ability to both share with and listen to others.*

MARK EVERTZ

based on many years of being in restaurant management and a sports official and on the board of adjustments and park board and impact fee committee all of which I have had to gather as much information as possible to make informed decisions. being retired I have the time to devote to this committee and do what it take to make the best decision for the city of polson for it future.

being involved in kids sports as an official I get to spend time with their parents and it give me a chance to see what they think of the resort tax and any ideas that they might have that will help the committee in it decision on the resort tax. give them a way to communicate any ideas they may have in the future while this is being studied and decided on.

as you know I have been working with groups of people since I got involved in boards and committees here in polson and I have had to work with groups of people in my working life so it will not be a problem for me as I know that different people will have different ideas on things and we will have to work together as a whole to find out which ideas are the best for the committee and the city of polson.

RICH FORBIS:

1.) Having served as Polson Chamber President twice and having recently served on the board of five years , I have been privy to discussions on economic issues such as TBIDS and Resorts taxes. I also have been involved in issues that face Polson from a chamber stance of how to attract tourists to Polson and the strain that puts on resources. I been involved for 23 years with the Flathead Lake 3-on-3 basketball tournament that has contributed to the strain on those resources. It would be nice to find solutions for alleviating some of that pressure. I believe I can help explore those options.

2.) I believe suggestion gathering can happen through "town hall" meetings, on-line surveys and fact finding at community events. The communication process can include local newspaper articles and community calendar posts. The community events can also be broadcast on local radio and relayed through the Polson Chamber of Commerce e-blast and through the city of Polson website.

3.) I am very comfortable working within groups of people with varying perspectives. I believe I have the proven record of being able to listen and share with others and produce results.

LOUIS CROSS:

1. For the past 4½ years I have worked in the hospitality industry which is very closely tied to the tourism industry. I am a graduate of Polson high School and have been living here for the last 12 years. Because of this I have very deep roots in the Polson area and care about its continued success and growth as a city.

2. I think it's important to talk to other communities such as Whitefish to see how a resort tax has benefitted or detracted from their area. We can also look into speaking with other communities who have implemented different revenue generating programs such as TBIDS in order to get an idea on actual hard data and opportunities they have created.

3. I am very comfortable with both communicating and listening to others.

RICK HILL

Please refer to my application on file.

CARLISA LONDON

1. My experience in management over the past 25 years provides me with a background in working with people from all backgrounds. As a manger you are the team leader and your works and actions set the tone and direction for your team. I bring a positive attitude and willingness to think outside the box. I want Polson to be a vibrant community where the residents and small businesses thrive.

In my business we collect the sale and use tax, as well as the accommodation tax. We receive a form to complete and turn in with the taxes collected on a quarterly basis. I understand the process from a vendor's perspective.

2. Using social media such as Facebook. Develop an email list of citizens (which can be gathered by notices in water bills, etc.) and then you can use a company like Constant Contact to send out timely emails to ask for input or notify of upcoming town hall meetings. Find businesses to sponsor a regular "City Business" radio spot where the mayor and/or city manager can talk about issues the city is dealing with. Meant as a way to briefly update and educate the community on current city issues. Town hall meetings would be another venue to gather input.

3. I was on the Polson Area Fire Stakeholders committee in 2010, and that was made up of people with opposing views. I am comfortable in groups of people with various perspectives and believe that you can always learn something. It's important to listen and hear what people say so that you can understand their perspective. It's also important to be respectful of others and their viewpoints and be open to finding ways to compromise. I think that it's imperative for any group of people to establish a mission and values that they will use to conduct the meetings and business of that group.

PAUL BRINEY

1. **Knowledge:** I did live in the first town in Montana that incorporated a resort tax and have firsthand experience with both paying the tax and seeing the results that the additional revenue added to the community. **History:** As a lifelong Montanan and a resident of Polson, I understand the frustration of trying to maintain Polson's infrastructure primarily based on property taxes. I understand that as a tourist community, additional stress is placed on the city services by visitors who don't necessarily contribute to the upkeep and maintenance of those services. **Skills/training:** I have a Bachelor's of Science with a broad field in business along with a broad field in social science and a minor in history in addition I have a Master's degree in educational technology. I have been teaching Advanced Placement government for years and several of my former students are now in elected governmental positions and/or practicing law. I am also a registered general contractor. **Contribution:** I believe that my major contribution I can add to the discussion is having an open mind when it comes to the taxation issues. I must admit that I was in the majority in voting against the resort tax the first time it was placed on the ballot. In talking with others, I feel that it failed for two reasons; one, there were many people who felt disenfranchised when it came to city government and this was a way to send a message to the city. Two, I don't believe there was enough ground work done to answer the questions that the voting public had when it came to approving the resort tax. Today I feel that the climate surrounding the city government is vastly improved and the only economic hurtle facing the commissioners is disseminating solid information to the voters and being able to answer any and all economic concerns that they may have.

2. First, I believe the board should speak to the community with one voice so I feel it is vital that everyone who may be in a position of communicating with the public should be sending the same message and are able to answer the many questions that are bound to arise when talking about possible economic changes. The board should include individuals that represent not just one or two economic or political groups but should be representative of the entire community. Placing the same individuals on the same boards will result in the same outcomes as in the past. Also, in order to gather input and communicate with the largest community groups, board members should be selected not only from the business community but also from some of the largest employers in Polson. Right now, I feel like the school district is underrepresented on local boards and commissions and the only way to change that is to get involved and that is where my interest lies. Plus, the employees of the school district represent a very large voting block that I feel I can tap into and use my many years of experience to educate and encourage their support on whatever direction that the board and commissioners choose to move in.

3. I have an ability to work with a variety of people of various ages and backgrounds. I have work on several boards and committees in and out of the educational field (negotiations, attendance, PLC's, interview, etc.). I have been on various committees, working with not only educators but with community members as well. I have served on several juries and was elected Forman by the jury members on the last two trials I served on. In addition, as a registered general contractor and an owner of my own business, I come into contact with a large group of hard working Polson contractors, sub-contractors, suppliers and business owners and have formed personal relationships with many of these individuals. I feel that after serving the educational community of Polson for the past 27 years I have a proven record of being able to not only work with people of various perspective but, more importantly, being able to listen to their ideas as well.

GERRY BROWNING

See initial application.

LARRY ASHCRAFT – Has moved his application.

It was after I first applied for the board that it became apparent to me that this board has a much broader mission that just the resort tax. I feel that I could contribute with the resort tax issue because of my involvement in various activities in our city of Polson. I feel that I am a good listener and enjoy hearing different perspectives and ways to solve problems.
It seems to me that the use of many different social media venues and open meetings along with discussion with various communities that either have the tax or are considering one.

I feel that you will have some very knowledgeable and talented individuals apply and with my commitments for the next year I wouldn't be the best choice. If I could be of any help outside of the council I would be more than happy.
I love this community.
Thank-you

Larry Ashcraft

BECKY DUPUIS

1.I feel I can contribute in several ways to this board. First, as a business owner I am familiar with the ups and downs of operating in the climate of Polson. In addition, Polson Theatres operates 10 other theatres in small towns around Montana. This gives me a unique perspective on the economics of business in Montana. The theatre we operate in Whitefish currently pays a resort tax.

Second, as a lifelong resident of Polson I believe that I can bring some historical perspective regarding what has previously been done or not done to increase the economic health of Polson.

Third, I have worked in Government, in private consulting, and now in retail/commercial business. I think this wide range of experience gives me a unique insight into the economics of the area. I have also been involved with public improvement projects through volunteer work (Main Street Streetscape and Linderman Walking Path). I am familiar with the scope and the effort necessary for these types of projects.

2.One way to communicate with the public is through direct e-mailing. It can be difficult to develop the e-mail list initially, but being able to direct e-mail people who are interested in the activities of this Board I think is invaluable. I personally won't spend much time trying to ferret out information about something like this Board, but if I continually receive e-mails regarding activities/information I tend to stay engaged. Perhaps a button on the City of Polson Website could sign up a person to receive update e-mails for this Board.

What I see from the other organization I am involve in is that you have to make it very simple and easy if you want people to be involved. We have used Survey Monkey to request information from people and have realized some success.

3.I feel I am very comfortable working with people with varying perspectives. I don't feel at this point that I have an "agenda" regarding this Board. I am interested in the resort tax issue, but don't really have an opinion either way. I enjoy hearing other perspectives and the challenge of taking all perspectives and working toward a solution that is acceptable to all.

Moving the economic health of Polson forward is my ultimate goal. I have chosen to live here and would like to help develop the huge potential that the City has to become the economic center of the area. We have such a unique location and seemingly haven't been able to capitalize on that to date. This Board seems a very good start to moving toward a healthy sustainable economy for Polson.

LOU MARCHELLO:

1.I have spent 10 years with the city, and worked on resort tax. Looking at Whitefish, Red Lodge and others. Helped with the first time.
2.We should send out to the people about the results of the other places. Also ask for people to respond about the tax.
3.Having been here in Polson for 43 years, and in business I can work with all groups and talk to them, and get their thoughts.

RICK LAPIANA:

See following.

RUSSELL STONE:

See following.

Date: April 26, 2015

To: Mayor Heather Knutson

From: Rick La Piana

Subject: Response to Mayor's Communication "Economic Development Council Applicants"

Dear Mayor Knutson,

In response to your Letter & Questions communication—my reasons are as follows:

1—As a past President of a Resort Tax Committee, I feel I can offer my guidance on how to raise, spending and achieve the City's goals in establishing a Resort Tax. This process will need to be explained and sold to the public who will help pay for this service. Through my experience on numerous committees and boards I feel I can work within a vast range of options to help find the common goal for the good of the people of Polson and the city as a whole. A main asset during this process is listening to the people both for and against the Resort Tax and being able to listen intently to all people's concerns.

After hearing both sides, I think it will be the responsibility of this Board to enlist the concerns and show how the concerns will be taken care of so that either side will fully understand how the tax will work and the benefit to the city and its people. This must be clearly understood by all and I think that I have the background on how to listen to all concerns and the ability to use my expertise to come to a decision to benefit all.

2-The best way to present a program on the Resort Tax is to be straight forward with no hidden agendas. Be up-front on who will pay and what the tax is for and what it will accomplish. There is so much opposition on this tax I think the first thing we must do is address each of the oppositions issues and clearly show them the real truth of the matter and how this tax will enable us to have a better Polson for all concerned.

3-I have no apprehension about working with others as of right now I am on our The Mission Bay Homeowners Association Steering Committee and a member of the Polson Redevelopment Committee and Past Member of the Golf Board. As I said in answer to Question #1—I can and have worked with vast various concerns and was always able to get my point or concerns across in a manner that everyone knew my thoughts and ideas but it was always done in a way as not to upset and or leave people hostile. To say it simply—we could always go out for a coffee or beer after the exchange.

Thank you for letting me apply for this committee and if chosen, I will sincerely do my best to help study how and when to institute this tax in a fair timely manner.

Sincerely

Rick la Piana

109 Gallatin

Polson, MT 59860

883-2260/396-6645

Subject: Economic Development Council
Attn: Mayor Heather Knutson

Answer to question #1:
I was a building contractor in Portland, Or. For 30 years and am now a business owner in the City Of Polson for the last 25 years. I believe this gives me the knowledge, experience, history, skills and training for the appointment. I am also a home owner within the city limits. Through my business I have worked with the tribe and other business interests in the area.

Answer to question #2:
The most important issue of this question is; we must get the general public to understand just what will be taxed and what will not. Businesses also need to know that it will not be as big of a pain as they are thinking. It is rather simple if you think about it and not do it emotionally. I don't think that a lot of public meetings will be as successful as ads in the newspapers. We need to be very positive on this issue without brow beating it to death.

Answer to question #3:
My comfort level is OK when dealing with other people on issues. Of course I want to be right, but I also am able to listen to other ideas and opinions.

Thank You
Russell Stone
2stones@centurytel.net
883-3697

CITY OF POLSON
COMMISSION AGENDA ITEM SUMMARY

Agenda Item Number: 12 (Motion)
Commissions meeting Date: May 4, 2015
Staff Contact: Mark Shrives.

AGENDA ITEM SUMMARY: Cove Deli & Pizza are requesting the following:

Road closure of 3rd Ave. West in front of Cove Deli & Pizza to 1st St. West May 29, 2015 from 5:00 p.m. to 10:30 p.m.

Waiver of Open Container Ordinance

BACKGROUND: This will be the Pirates of Summer outdoor concert. The band will be set up in front of the Cove Deli & Pizza. This will also be a street dance event. The band will play from 6:00 p.m. – 10:00 p.m. There will also be prizes for the Best Dressed Pirates, and Pirate Couples. There will also be photo opportunities with "*Polson Old Time Photos*."

ANALYSIS: There was a meeting with the City Department Heads regarding this event. No Department Head had an issue.

FINANCIAL CONSIDERATIONS: None

STAFF RECOMMENDATION: Staff recommends approval of the requests

SUGGESTED MOTION: ***I make a motion to approve the Road Closure of 3rd Ave. West from the Alley to First Ave. West in front of the Cove Deli & Pizza and a Waiver of the Open Container Ordinance***

ATTACHMENTS: N/A

CITY OF POLSON
CITY COMMISSION AGENDA ITEM SUMMARY

Agenda Item Number: 13
Meeting Date: May 4, 2015
Staff Contact: Cindy Dooley, Finance Officer

AGENDA ITEM SUMMARY: Approve Resolution relating to the issuance of its $463,000 water system revenue bond.

BACKGROUND: The City has been working on the design and construction of the downtown water looping project which began with a preliminary engineering report and environmental assessment in 2012 followed by an application to the Treasure State Endowment Program (TSEP) and Renewal Resource Grant and Loan Program (RRGL). TSEP and RRGL funding was awarded by the State Legislature in 2013. The project budget was refined and based on that budget it was determined that the City would issue $463,000 in State Revolving Fund (SRF) revenue bonds. The project was bid in the fall of 2014 and was re-bid in February 2015 and the contract was awarded to LHC, Inc. of Kalispell, Montana. The current project budget is $1,095,733. In addition to the Downtown water looping project, the City will also be completing a well on the east side of the City that will be partially paid for with TSEP funds.

ANALYSIS: The SRF loan amount of $463,000 is divided into a 2015A Bond and a 2015B Bond each in the amount of $231,500. The 2015A Bond is subsidized by a 2014 EPA Capitalization Grant and will be forgiven upon submission of the Compliance Certificate and Request form to DNRC. The 2015B Bond will be repaid over a 20 year time period with semi-annual payments at a rate of 2.5% APR. This Resolution also amends parts of Resolution No. 999. This resolution can be viewed online at the City's website under Resolutions.

FINANCIAL CONSIDERATIONS: Payments on the 2015B bond will be paid semi-annually from the Water Enterprise Fund. The principal amount is $231,500 and the total interest and fees cost is $64,665.39. In addition the City will have approximately $15,000 in bond counsel costs.

STAFF RECOMMENDATION: Approve this Resolution so the City can begin taking draws on the SRF loan for the construction project.

SUGGESTED MOTION: I move to approve this Resolution relating to the issuance of the $463,000 water system revenue bond consisting of $231,500 subordinate lien taxable series 2015A bond and $231,500 series 2015B bond; authorizing the issuance and fixing the terms and conditions thereof and amending Resolution No. 999 regarding reserve requirements, additional bonds and rate covenants.

ATTACHMENTS: Resolution No. _____ and attachments

RESOLUTION NO. _____

RESOLUTION RELATING TO THE ISSUANCE BY THE CITY OF POLSON OF ITS $463,000 WATER SYSTEM REVENUE BOND (DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM), CONSISTING OF $231,500 SUBORDINATE LIEN TAXABLE SERIES 2015A BOND AND $231,500 SERIES 2015B BOND; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF AND AMENDING RESOLUTION NO. 999 REGARDING RESERVE REQUIREMENTS, ADDITIONAL BONDS AND RATE COVENANTS

WHEREAS, pursuant to the Drinking Water State Revolving Fund Act, Montana Code Annotated, Title 75, Chapter 6, Part 2, 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 drinking water 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 drinking water revolving fund under the federal Safe Drinking Water Act (the "Safe Drinking 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 State Act provides that funds from the Program shall be disbursed and administered for the purposes set forth in the Safe Drinking Water Act and according to rules adopted by the DEQ and the DNRC; and

WHEREAS, the City of Polson (the "Borrower"), by its Resolution No. 999 dated October 5, 2009, authorized the issuance of the City of Polson $750,000 Water System Revenue Bonds, Series 2009A and B (the "Series 2009 A and B Bonds") and pledged the revenue of the Borrower's water system to the payment of the Series 2009 A and B Bonds; and

WHEREAS, the Borrower completed acquisition and construction of the projects funded by the Series 2009 A and B Bonds and the Series 2009A Bond was forgiven; and

WHEREAS, the 2014 EPA Capitalization Grants (as hereinafter defined) require 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 dollar amount in the aggregate equal to at least 15% of the total proceeds of such grant be subject to loan forgiveness; and

WHEREAS, the Borrower has determined that the Borrower will construct a portion of, and has advertised for and received bids for the replacement of approximately 5,300 linear feet of water main line in the downtown area (the "Series 2015 Project"); and

WHEREAS, the Borrower has applied to the DNRC for the 2015A and B Loans (as hereinafter defined) from the Revolving Fund to enable the Borrower to finance, refinance or reimburse itself for the costs of the Series 2015 Project (as hereinafter defined) which will carry out the purposes of the Safe Drinking Water Act; and

WHEREAS, the Borrower is authorized under applicable laws, ordinances and regulations to adopt this Resolution and to issue the Series 2015 Bonds (as hereinafter defined) to evidence the 2015A and B Loans (as hereinafter defined) for the purposes set forth herein; and

WHEREAS, the DNRC will fund: (i) the 2015A Loan (as hereinafter defined) from proceeds of the 2014 EPA Capitalization Grant, with funds provided by the United States Environmental Protection Agency under the Safe Drinking Water Act, and (ii) the 2015B Loan (as hereinafter defined), with proceeds of State Bonds (as hereinafter defined); and

WHEREAS, the Borrower and DNRC agree to amendments to Resolution No. 999 by reducing the Reserve Requirement to one-half the maximum annual debt service on the Bonds (Section 1.1 of Resolution No. 999) and reducing the Rate covenant (Section 6.7 of Resolution No. 999) and additional bonds requirements from 125% to 110%.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF POLSON, MONTANA, THAT CITY RESOLUTION NO. 999 IS AMENDED AND FURTHER SUPPLEMENTED AS FOLLOWS:

ARTICLE I

DEFINITIONS, RULES OF CONSTRUCTION AND APPENDICES

Section 1.1 Definitions. In this Resolution, unless a different meaning clearly appears from the context or separately defined herein, the meanings of words with initial capitalization are as defined in City Resolution No. 999, as amended hereby:

"Administrative Expense Surcharge" means, (i) in respect of the 2015B Loan, in any event, and (ii) in respect of the 2015A Loan, upon the delivery of a Noncompliance Statement as provided by this Resolution, a surcharge equal to twenty-five hundredths of one percent (0.25%) per annum on the outstanding principal amount of the 2015 Loans from the date of each advance thereof, payable by the Borrower on a Payment Date.

"Bonds" means the Series 2015B Bond, the Series 2009B Bond and any Additional Bonds to be issued on a parity therewith; "Bonds" does not include the Series 2015A Bond, nor the Series 2009A Bond, which is forgiven.

"Closing" means the date of delivery of the Series 2015 Bonds to the DNRC.

"Committed Amount" means the amount of the 2015 Loans committed to be lent by the DNRC to the Borrower pursuant to Section 4.1 of this Resolution, as such amount may be reduced pursuant to Sections 3.2 and 3.4 of this Resolution.

"Construction Contract" collectively means the Borrower's commitment for construction of the Series 2015 Project from its own resources and the contract for construction of a portion of the Series 2015 Project ($737,795.38) entered into between the Borrower and LHC, Inc. of Kalispell, Montana for a total of $745,680 in compliance with all laws of the State, including those regarding the construction of public projects.

"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.

"DNRC 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 2015A Loan, to be completed, executed and delivered by the Borrower to the DNRC pursuant to Section 5.1.2 of this Resolution.

"DNRC 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 2015A Bond is forgiven.

"DNRC 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 2015A Bond is not forgiven.

"Enabling Act" means Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as amended, which authorizes the Borrower to own and operate the System and to finance or refinance improvements to the System.

"Estimated Completion Date" means June 22, 2015, the date by which it is estimated by the Borrower that the Series 2015 Project will be substantially completed.

"Green Infrastructure" means all or any portion of the Series 2015 Project that addresses green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities, as described more particularly in EPA policies and guidelines.

"Loan Loss Reserve" means a surcharge on the 2015 Loans charged by DNRC to the Borrower equal to twenty-five hundredths of one percent (0.25%) per annum on the outstanding principal amount of the 2015 Loans from the date of each advance thereof, payable by the Borrower on a Payment Date, except as otherwise provided for the 2015A Loan in Section 5.1 hereof.

"Loan Repayments" means periodic installments of principal and interest by Borrower in repayment of the Series 2015B Bond, and if the DNRC delivers a DNRC Noncompliance Statement, for the Series 2015A Bond, at the rates and times specified in Article V of this Resolution.

"Payment Date" means, with respect the 2015B Loan, commencing January 1, 2016 and each July 1 and January 1 thereafter during the term of the Series 2015B Bond on which a payment of interest or principal and interest is due, as determined under this Resolution, and, if a Noncompliance Statement is delivered with respect to the 2015A Loan, each January 1 and July 1 during the term of the Series 2015A Bond on which a payment of interest or principal and interest is due, as determined under this Resolution.

"Project" means an improvement, betterment, reconstruction or extension of the System, including the Series 2015 Project.

"Registrar," with regard to the Series 2015 Bonds, means the City Finance Officer.

"Reserve Requirement" means, as of the date of calculation, an amount equal to one-half the maximum principal and interest payable on outstanding Bonds in the current or any future fiscal year (giving effect to mandatory sinking fund redemption, if any).

"Series 2015 Bonds" means, collectively, the Series 2015A Bond and the Series 2015B Bond.

"Series 2015A Bond" means the $231,500 Subordinate Lien Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Taxable Series 2015A, issued to the DNRC to evidence the 2015A Loan.

"Series 2015B Bond" means the $231,500 Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2015B, issued to the DNRC to evidence the 2015B Loan.

"Series 2015 Project" means the designing and engineering of the facilities, improvements and activities financed or the cost of which is being reimbursed to the Borrower with proceeds of the 2015 Loans, described in Appendix A hereto.

"Subordinate Obligations" means bonds to be paid from the Surplus Net Revenue of the System. Such obligations do not have a parity lien against the Net Revenues of the System.

"Subordinate Obligations Account" means the Surplus Account in the Water System Fund contemplated and created pursuant to this Resolution.

"2015A Committed Amount" means the amount of the 2015A Loan committed to be lent by the DNRC to the Borrower pursuant to Section 4.1 of this Resolution, as such amount may be reduced pursuant to Section 3.2 and Section 3.4 of this Resolution.

"2015B Committed Amount" means the amount of the 2015B Loan committed to be lent by the DNRC to the Borrower pursuant to Section 4.1 of this Resolution, as such amount may be reduced pursuant to Section 3.2 and Section 3.4 of this Resolution.

"2014 EPA Capitalization Grant" means that EPA Capitalization Grant made available to the Program from 2014 federal appropriations.

"2015B First Advance" means the first advance of funds of the 2015 Loans, which shall be made from the proceeds of the 2015B Loan by the DNRC to the Borrower in the amount of at least $11,576.

"2015 Loans" or "Loan" means, collectively, the 2015A Loan and 2015B 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 all or a portion of the costs of the Series 2015 Project and to pay costs of issuance of the Series 2015 Bonds.

"2015A Loan" means the loan made to the Borrower by the DNRC pursuant to the Program in the maximum amount of the 2015A Committed Amount to provide funds to pay a portion of the costs of the Series 2015 Project payable under the Program and to pay costs of issuance.

"2015B Loan" means the loan made to the Borrower by the DNRC pursuant to the Program in the maximum amount of the 2015B Committed Amount to provide funds to pay a portion of the costs of the Series 2015 Project payable under the Program and to pay costs of issuance.

"Undisbursed Committed Amount" means any undisbursed Committed Amount which is not required to pay costs of the Series 2015 Project upon completion thereof as provided in Section 3 of this Resolution.

Section 1.2 Other Rules of Construction. For all purposes of this Resolution, except where the context clearly indicates otherwise the Rules of Construction referenced in Section 1.2 of Resolution No. 999 apply.

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

Appendix A: a description of the Series 2015 Project;

Appendix B-1: the form of the Series 2015A Bond;

Appendix B-2: the form of the Series 2015B Bond;

Appendix C: additional agreements and representations of the Borrower; and

Appendix D: the form of the DNRC Compliance Certificate and Request.

ARTICLE II

AUTHORIZATION, FINDINGS, REPRESENTATIONS AND COVENANTS

Section 2.1 Authorization and Findings.

(a) Authorization. Under the provisions of the 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 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 Act and other laws of the State has established and presently owns and operates the System.

(c) The 2015 Project. After investigation of the facts and as authorized by the Act, this Commission has determined it to be necessary and desirable and in the best interests of the Borrower to acquire and construct the Series 2015 Project.

(d) The total cost of the 2015 Project and costs of issuance of the Series 2015 Bonds and funding the reserve is estimated to be $1,095,733, which is anticipated to be funded by: (a) $20,433 funds of the Borrower; (b) Treasure State Endowment Program Grant of $512,300; (c) Renewable Resource Grant and Loan Program grant of $100,000; and (d) proceeds of the Series 2015 Bonds, and allocated as appropriate between the Series 2015A Bond and the Series 2015B Bond. The Borrower covenants with the DNRC that from and after the 2015B First Advance it will spend the Committed Amount on costs of the Series 2015 Project before applying its own funds, if any, to costs of the Series 2015 Project.

Section 2.2 Representations. The Borrower represents as follows:

(a) Organization and Authority. The Borrower:

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

(2) has all requisite power and authority and all necessary licenses and permits required as of the date hereof to own and operate the System and to carry on its current activities with respect to the System, to adopt this Resolution and to enter into the Collateral Documents and to issue the Series 2015 Bonds and to carry out and consummate all transactions contemplated by the Resolution, the Series 2015 Bonds and the Collateral Documents;

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

(4) has taken all proper action to authorize the execution, delivery and performance of its obligations under this Resolution, the Series 2015 Bonds and the Collateral Documents and the incurrence of the Debt evidenced by the Series 2015 Bonds in the maximum amount of the Committed Amount.

(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 the Resolution, the Series 2015 Bonds and the Collateral Documents, or the financial condition of the Borrower, or the transactions contemplated by the Resolution, the Series 2015 Bonds and the Collateral Documents or the validity and enforceability of the Resolution, the Series 2015 Bonds and the Collateral Documents. No referendum petition has been filed with respect to any resolution or other action of the Borrower relating to the Series 2015 Project, the Series 2015 Bonds or any Collateral Documents and the period for filing any such petition will have expired before issuance of the Series 2015 Bonds.

(c) Borrowing Legal and Authorized. The adoption of this Resolution, the execution and delivery of the Series 2015 Bonds and the Collateral Documents and the consummation of the transactions provided for in this Resolution, the Series 2015 Bonds and the Collateral Documents and compliance by the Borrower with the provisions of the Resolution, the Series 2015 Bonds and the Collateral Documents:

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

(2) 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 2015 Bonds 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 2015 Bonds 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 Resolution by any governmental body or officer for the making and performance by the Borrower of its obligations under this Resolution, the Series 2015 Bonds and the Collateral Documents (including any necessary water rate increase) or for the Series 2015 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 Resolution, issuing the Series 2015 Bonds or entering into the Collateral Documents and the performance of the Borrower's obligations hereunder and thereunder.

(f) Binding Obligation. This Resolution, the Series 2015 Bonds 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 Series 2015 Project. The Series 2015 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 provisions of Article III of this Resolution. The Series 2015 Project comprises facilities of a type that, as determined by the EPA, will facilitate compliance with the national primary drinking water regulations applicable to the System or will otherwise significantly further the health protection objectives of the Safe Drinking Water Act.

(h) The System. The System is a "community water system" within the meaning of the State Act and the Safe Drinking Water Act in that it is a public water system, comprising collection, treatment, storage and distribution facilities for the provision to the public of water for human consumption, 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 System, the Borrower's status as a Public Entity and Governmental Unit, its ability to own and operate the System in the manner it is currently operated or the Borrower's ability to perform its obligations under the Resolution, the Series 2015 Bonds and the Collateral Documents and to pledge any revenues or other property pledged to the payment of the Series 2015 Bonds.

(j) 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 System 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 System 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 System and the operation thereof, which failure to obtain might materially and adversely affect the ability of the Borrower to conduct the operation of the System as presently conducted or the condition (financial or otherwise) of the System or the Borrower's ability to perform its obligations under the Resolution, the Series 2015 Bonds and the Collateral Documents.

Section 2.3 Covenants.

The Borrower makes the same covenants with regard to the Series 2015 Bonds as were made in Section 2.3 through 2.8 of Resolution No. 999.

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 2015 Bonds or any other funds of the Borrower in respect of the Series 2015 Project or the Series 2015 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 2015 Loans or the portion of the 2015 Loans 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 Series 2015 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 Series 2015 Project being refinanced or the cost of which is being reimbursed was acquired by and is now and shall, during the term of the 2015 Loans, be owned by the Borrower and not by any other Person. Any portion of the Series 2015 Project being financed shall be acquired by and shall, during the term of the 2015 Loans, be owned by the Borrower and not by any other Person. Notwithstanding the previous two sentences, the Borrower may transfer the Series 2015 Project or a portion thereof to another Governmental Unit which is also a Public Entity if such transfer is otherwise permitted under the Resolution and if such organization agrees with the DNRC to comply with Section 2.2(i), Section 2.3(h) and Section 2.4 of this Resolution and if the DNRC receives an Opinion of Bond Counsel that such transfer will not violate the State Act or the Safe Drinking 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 Resolution or in any Collateral Documents, the Borrower may sell or otherwise dispose of any portion of the Series 2015 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 Safe Drinking Water Act.

(e) At the Closing of the 2015 Loans, 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 2015 Loans it will not contract with or permit any Private Person to manage the Series 2015 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 Safe Drinking Water Act or adversely affect the exclusion of interest on State Bonds from gross income or purposes of federal income taxation.

(g) The Borrower may not lease the Series 2015 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 Resolution; provided the Borrower may lease all or any portion of the Series 2015 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 Series 2015 Project if (i) such change will violate the Safe Drinking 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 Series 2015 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 Series 2015 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 2015 Bonds; 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 of 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 Resolution, the Series 2015 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 Resolution, the Series 2015 Bonds and the Collateral Documents, (b) such action does not violate the State Act or the Safe Drinking Water Act and does not adversely affect the exclusion of interest on the Series 2015 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 SERIES 2015 PROJECT

Section 3.1 Use of Proceeds. The Borrower shall apply the proceeds of the 2015 Loans from the DNRC solely as follows:

(a) The Borrower shall apply the proceeds of the 2015 Loans solely to the financing or reimbursement of the costs of the Series 2015 Project as set forth in Appendix A hereto and this Section 3.1. The 2015 Loans will be disbursed in accordance with Article IV hereof and Article VII of the Indenture. If the Series 2015 Project has not been completed prior to Closing, the Borrower shall, as quickly as reasonably possible, complete the Series 2015 Project and expend proceeds of the 2015 Loans to pay the costs of completing the Series 2015 Project.

(b) No portion of the proceeds of the 2015 Loans shall be used to reimburse the Borrower for costs paid prior to the date of adoption of this Resolution of a Project the construction or acquisition of which occurred or began earlier than June 1, 1993. In addition, if any proceeds of the 2015 Loans are to be used to reimburse the Borrower for Series 2015 Project costs paid prior to the date of adoption of this 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 2015 Loans was incurred after June 1, 1993 for a Project the construction or acquisition of which began after June 1, 1993. No proceeds of the 2015 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 Series 2015 Project. Set forth in Appendix A to this Resolution is a description of the Series 2015 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 2015 Loans (the Series 2015 Project may consist of more than one facility or activity), and an estimated budget relating to the Series 2015 Project, including the amount of proceeds of the 2015A Loan and the 2015B Loan estimated to be applied to Green Infrastructure. The Series 2015 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 whether the amendment would cause an increase or decrease in the cost of the Series 2015 Project, an increase or decrease in the amount of 2015 Loans proceeds which will be required to complete the Series 2015 Project and providing that the change will not delay the construction schedule for the Series 2015 Project;

(b) A written consent to such change in the Series 2015 Project by an Authorized DNRC Officer;

(c) An Opinion or Opinions of Bond Counsel stating that the Series 2015 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 2015 Bonds were issued, eligible for financing under the Act, such amendment will not violate the State Act or the Act and such amendment will not adversely affect the exclusion of interest on the State Bonds or the Series 2015B 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; and

(d) In the event the change to the Series 2015 Project has the effect of reducing the amount of the Committed Amount, the written consent of the Borrower to reallocation of the Committed Amount between the 2015A Loan and the 2015B Loan, if required by the DNRC, as described in Section 5.6 below.

The Borrower acknowledges and agrees that an increase in the principal amount of the 2015 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 resolution amendatory of or supplementary to the 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 the 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 or thereafter. 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 2015 Loans to pay costs of the Series 2015 Project or as to the availability of additional funds under the Program to increase the principal amount of the 2015 Loans.

Section 3.3 Series 2015 Project Representations and Covenants. The Borrower hereby represents to and covenants with the DNRC that:

(a) all construction of the Series 2015 Project has complied and will comply with all federal and state standards, including, without limitation, EPA regulations and standards;

(b) all construction of the Series 2015 Project has and will be done only pursuant to fixed price construction contracts. The Borrower has obtained a performance and payment bond from the contractor for each construction contract in the amount of 100% of the construction price and will ensure that such bond is maintained until construction is completed to the Borrower's, the DNRC's and the DEQ's satisfaction;

(c) all construction of the Series 2015 Project has and 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 Series 2015 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 Series 2015 Project is a project of the type permitted to be financed under the Act, the State Act and the Program and Section 1452 of the Safe Drinking Water Act; and

(f) the Borrower has started the Series 2015 Project and will cause the Series 2015 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 Series 2015 Project will be substantially completed by the Estimated Completion Date.

(g) The useful life of the Project is not less than the term of the Series 2015 Bonds.

Section 3.4 Completion or Cancellation or Reduction of Costs of the Series 2015 Project.

(a) Upon completion of the Series 2015 Project, the Borrower shall deliver to the DNRC a certificate stating that the Series 2015 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 Series 2015 Project, a separate completion certificate shall be delivered for each.

(b) If all or any portion of the Series 2015 Project is cancelled or cut back or its costs are reduced or for any other reason the Borrower will not require the full Committed Amount, the Borrower shall promptly notify the DNRC in writing of such fact and the amount of the Undisbursed Committed Amount.

(c) If there is any Undisbursed Committed Amount, the DNRC reserves the right to reallocate the amount equal to the Committed Amount as reduced by the Undisbursed Committed Amount between the 2015A Loan and the 2015B Loan.

ARTICLE IV

THE 2015 LOANS

Section 4.1 The 2015 Loans; Disbursement of 2015 Loans.

(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) $231,500 (the "2015A Committed Amount") and (ii) $231,500 (the "2015B Committed Amount") for the purposes of financing or reimbursing the Borrower for a portion of the costs of the Series 2015 Project; provided the DNRC shall not be required to loan any proceeds of the State Bonds to the Borrower after the Estimated Completion Date. The Committed Amount may be reduced as provided in Section 3.2 and Section 3.4 of this Resolution and subject to the operation of Section 5.6.

(b) The DNRC intends to disburse the 2015 Loans through the Trustee. In consideration of the issuance of the Series 2015 Bonds by the Borrower, the DNRC shall make, or cause the Trustee to make, a disbursement of all or a portion of the 2015 Loans upon receipt of the following documents:

(1) an Opinion of Bond Counsel as to the Series 2015A Bond and an Opinion of Bond Counsel as to the validity and enforceability of the Series 2015B Bond and the security therefor and stating in effect that interest on the Series 2015B 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;

(2) the Series 2015A Bond and the Series 2015B Bond, fully executed and authenticated;

(3) a certified copy of this Resolution;

(4) any other security instruments or documents required by the DNRC or DEQ as a condition to their approval of the 2015 Loans;

(5) if all or part of a 2015 Loan is being made to refinance a Project or reimburse the Borrower for the costs of a Project paid prior to the Closing, evidence, satisfactory to the DNRC and the Bond Counsel referred to in (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 the 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 Resolution that the Borrower has complied with Section 1.150-2 of the Regulations;

(6) the items required by the Indenture for the portion of the 2015 Loans to be disbursed at Closing; and

(7) such other certificates, documents and other information as the DNRC, the DEQ or the Bond Counsel giving the opinion referred to in subparagraph (1) may require (including any necessary arbitrage rebate instructions).

(c) In order to obtain a disbursement of the 2015 Loans to pay costs of the 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 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 legally incurred. The disbursements of the 2015 Loans will be requested by the Borrower in the form required by the DNRC so that it is received by the DNRC by the date that is no later than ten Business Days prior to the date desired by the Borrower for the closing of the Series 2015 Bonds.

(d) Provided that the 2014 EPA Capitalization Grants are available to the Program, from and after the 2015B First Advance, the 2015 Loans shall be disbursed, subject to the other terms and conditions of this Resolution, in the following order:

(1) First, at the Closing, the 2015B First Advance will be advanced from the 2015B Loan.

(2) Second, after the 2015B First Advance has been disbursed to the Borrower, the entire amount of the 2015A Loan may then be disbursed to the Borrower as and when needed. For the avoidance of doubt, any amounts of the 2015 Loans to be disbursed at Closing in excess of the 2015B First Advance will be disbursed as proceeds of the 2015A Loan to the extent of the 2015A Committed Amount.

(3) Third, after the entire principal amount of the 2015A Loan has been disbursed to the Borrower, the remaining amount of the 2015B Loan will be disbursed to the Borrower as and when needed.

(e) The Borrower shall submit the request for the 2015B First Advance in the form required by the DNRC so that it is received by the DNRC in sufficient time for the DNRC to process the information by the date desired by the Borrower for the making of the 2015B First Advance. The Borrower shall not be entitled to, and the DNRC shall have no obligation to make, the 2015B First Advance or any subsequent advance of amounts under the 2015B Loan until such time as the Borrower shall have set aside and funded the Reserve Account in an amount then required to satisfy the Reserve Requirement.

(f) If all or a portion of the 2015 Loans is made to reimburse a Borrower for Series 2015 Project costs paid by it prior to Closing, the Borrower shall present at Closing the items

required by Section 4.1(b) of this Resolution relating to such costs. The Trustee shall disburse such amounts to the Borrower pursuant to a disbursement schedule complying with the requirements of the Safe Drinking Water Act established by the DNRC and the Borrower at the Closing.

(g) Notwithstanding anything else provided herein, the Trustee shall not be obligated to disburse the 2015 Loans any faster or to any greater extent than it has available the 2013 EPA Capitalization Grant, 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 2015 Loans disbursements for such costs because of the schedule under which EPA makes the 2013 EPA Capitalization Grant money available to the DNRC. The DNRC will use its best efforts to obtain an acceleration of such schedule if necessary.

(h) Upon making each 2015A Loan disbursement and 2015B Loan disbursement, the Trustee shall note such disbursement on Schedule A to the Series 2015A Bond and Series 2015B Bond, respectively. A Schedule A reflecting the amount of the 2015B First Advance will first be attached to the Series 2015B Bond at Closing.

(i) The Borrower agrees that it will deposit in the Reserve Account upon receipt thereof, on the date of the 2015B First Advance and any subsequent disbursement dates, any proceeds of the 2015B 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 portions of the 2015 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 Revenue Bond Account. The amount of any such transfer shall be a credit against the interest payments due on the Series 2015 Bonds and interest thereon shall accrue only from the date of transfer.

(j) 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 2015 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 2015 Loans.

Section 4.2 Commencement of 2015 Loan Term. The Borrower's obligations under this Resolution and the Collateral Documents shall commence on the date hereof unless otherwise provided in this Resolution. However, the obligation to make payments under Article V hereof shall commence only upon the first disbursement by the Trustee of the 2015B Loan proceeds.

Section 4.3 Termination of 2015 Loan Term. The Borrower's obligations under this Resolution and the Collateral Documents in respect of the Series 2015 Bonds shall terminate upon payment in full of all amounts due under the Series 2015 Bonds and this Resolution; provided, however, that the covenants and obligations provided in Article VII and Section 12.3 of this Resolution shall survive the termination of this Resolution.

Section 4.4 2015 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 2015 LOANS

Section 5.1 Repayment of 2015 Loans. The Borrower shall repay the amounts lent to it pursuant to Section 4.1 hereof 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 2015A 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 (i) the Series 2015A Bond bear interest at the rate of zero percent (0.00%) per annum from the date of each advance; and (ii) the Series 2015B Bond bear interest at the rate of two percent (2.00%) per annum on the unpaid balance plus a Loan Loss Reserve and an Administrative Expense Surcharge on the outstanding principal amount of the Series 2015B Bond at the rate of twenty-five hundredths of one-percent (0.25%) and twenty-five hundredths of one percent (0.25%) respectively, per annum; provided, however, if the DNRC delivers to the Borrower a Noncompliance Statement, then all principal of the Series 2015A 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 2015A 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 from the date of each advance under the Series 2015A Bond. If the obligation of the Borrower to repay the principal amount of the 2015A Loan is not forgiven under Section 5.1.2 below, for purposes of this Resolution and the Program, with respect to the 2015A Loan, the term "interest on the 2015A Loan" when not used in conjunction with a reference to any surcharges, shall include the Administrative Expense Surcharge and the Loan Loss Reserve. 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 shall be calculated on the basis of a year of 360 days comprising 12 months of 30 days each.

5.1.2. Repayment of 2015A Loan; Principal Forgiveness.

(a) The Borrower is obligated to repay the principal of and interest and Administrative Expense Surcharge and Loan Loss Reserve on the 2015A Loan, unless the DNRC forgives the Borrower's obligation to repay the principal of the 2015A 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 on the 2015A Loan shall be due on each Payment Date, as follows:

(1) interest and the Administrative Expense Surcharge and the Loan Loss Reserve on the outstanding principal balance of the 2015A Loan shall be payable from and after the date of each advance of principal of the 2015A

Loan on each Payment Date at the rate of 2.50% per annum, beginning on the first Payment Date following the date of delivery by the DNRC of a Noncompliance Statement and concluding on July 1, 2035; and

(2) the principal of the 2015A Loan shall be repayable 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, 2035, and the amount of each principal payment shall be calculated on the basis of a substantially level debt service at the rate of 2.50% per annum; provided that principal of the 2015A 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 Series 2015 Project through the final advance of principal of the 2015B Loan and the Borrower has executed and delivered the DNRC Compliance Certificate and Request to the DNRC in form and substance satisfactory to the DNRC and the DEQ within thirty (30) days after the date that the DNRC Compliance Certificate and Request is provided to the Borrower by the DNRC, the DNRC will, following review and approval of the DNRC 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 2015A Bond or interest or surcharges thereon and the Series 2015A Bond will be marked "CANCELLED" and returned by the DNRC to the Borrower. However, in the event the Borrower fails to deliver timely the DNRC Compliance Certificate and Request, or the Borrower cannot submit the DNRC Compliance Certificate and Request because it cannot make the certifications required therein, or the DNRC 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 complete discretion of the DNRC or the DEQ, or the DNRC or the DEQ determine at any time that the Series 2015 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 DNRC Noncompliance Statement by the DNRC to the Borrower, all principal advanced or to be advanced under the Series 2015A Bond, together with interest, Administrative Expense Surcharge, and Loan Loss Reserve thereon from the date of each advance, shall be payable as provided in Section 5.1.2 (a). Notwithstanding Section 5.1.2(a), until the delivery by the DNRC to the Borrower of a Determination Statement, the obligation of the Borrower to repay the principal advanced under Series 2015A Bond shall be deferred until the Payment Date first occurring after delivery of a Determination Statement and, until such time, interest on amounts advanced under the Series 2015A Bond will be deemed to be at the rate of zero percent (0.00%) per annum.

(c) In addition, in the event the DNRC delivers a DNRC Noncompliance Statement (i) the Series 2015A 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 this 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 2015B Loan. The Loan Repayments on the 2015B Loan from and after the 2015B First Advance and all subsequent advances of the 2015B Loan are as follows:

(1) interest on the outstanding principal balance of the 2015B Loan shall be payable on each Payment Date, beginning on January 1, 2016 and concluding on July 1, 2035 at the rate of 2.00% per annum;

(2) the Borrower shall also pay on each Payment Date, beginning January 1, 2016, the Administrative Expense Surcharge of twenty-five hundredths of one-percent (0.25%) per annum and the Loan Loss Reserve of twenty-five hundredths of one percent (0.25%) per annum; and

(3) the principal of the 2015B Loan shall be repayable on each Payment Date, beginning on January 1, 2016 and concluding on July 1, 2035, and the amount of each principal payment shall be calculated on the basis of substantially level debt service at an interest rate of 2.50% per annum; provided that principal of the 2015B Loan is payable only in amounts that are multiples of $1,000.

5.1.4. Details Regarding 2015 Loan Repayments. Loan Repayments and the Administrative Expense Surcharge and the Loan Loss Reserve on the Series 2015B Loan and, if applicable, on the 2015A Loan, shall be due on the dates specified above and on the dates and in the amounts shown in Schedule B to each of the Series 2015B Bond and, if applicable, the Series 2015A Bond, as such Schedule B shall be modified from time to time as provided in Sections 5.1.2 and 5.1.3 and below. Schedule B will first be attached to the Series 2015A Bond and the Series 2015B Bond at Closing. The portion of each such Loan Repayment consisting of principal and the portion consisting of interest and the amount of each Administrative Expense Surcharge and the amount of each Loan Loss Reserve shall be set forth on Schedule B to the Series 2015B Bond and the portion of each Loan Repayment consisting of principal and the portion consisting of interest and the amount of each Administrative Expense Surcharge and the amount of each Loan Loss Reserve shall be set forth in Schedule B to the Series 2015A Bond (if appropriate). Upon each disbursement of 2015 Loan amounts 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 applicable Series 2015A Bond and the Series 2015B Bond under "Advances" and the total amount advanced under Section 4.1, including such disbursement, under "Total Amount Advanced."

Interest, Administrative Expense Surcharge and Loan Loss Reserve in respect of the Series 2015B Bond on such advance shall accrue from the date the advance is made at the rate of 2.50% per annum and shall be payable on each Payment Date thereafter. If the DNRC shall have delivered a DNRC Noncompliance Statement, then the Schedule B to the Series 2015A Bond shall reflect interest and surcharges on amounts advanced under the Series 2015A Bond at 2.50% per annum, as may be revised to reflect the full principal amount advanced under the Series 2015A Bond, the initial Payment Date, and the periodic total loan payment, and the Trustee shall send a copy of such schedules to the Borrower within one month after delivery by

the DNRC of the DNRC Noncompliance Statement. If the DNRC delivers a DNRC Forgiveness Statement, Schedule B to the Series 2015A Bond will be disregarded and of no effect.

Past-due Loan Repayments and the Administrative Expense Surcharge and the Loan Loss Reserve 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 2015B Bond and, if applicable, the Series 2015A Bond, and the Administrative Expense Surcharge and the Loan Loss Reserve as to the Series 2015A Bond and the Series 2015B Bond, if applicable, under this Section 5.1 shall be credited against the same payment obligation under each of the Series 2015B Bond and, if applicable, the Series 2015A 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 2015 Loans, if the Borrower so chooses, all reasonable expenses of the DNRC and the Trustee in connection with the 2015 Loans, the Collateral Documents and the Series 2015 Bonds, including, but not limited to:

(a) the cost of reproducing this Resolution, the Collateral Documents and the Series 2015 Bonds;

(b) the fees and disbursements of bond counsel and other Counsel utilized by the DNRC and the Trustee in connection with the 2015 Loans, the Resolution, the Collateral Documents and the Series 2015 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 2015 Bonds, whether or not the Series 2015 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 2015 Bonds, the Collateral Documents and the 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 2015B Bond and, if applicable, the Series 2015A 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 is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest and, if applicable, Administrative Expense Surcharge and Loan Loss Reserve to the date of prepayment on the amount of principal prepaid. If the Series 2015 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 the Resolution and the Series 2015 Bonds and to perform its other agreements contained in the Resolution, the Series 2015 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 the Resolution and the Series 2015 Bonds, (b) shall perform all its other agreements in the Resolution, the Series 2015 Bonds and the Collateral Documents and (c) shall not terminate the Resolution, the Series 2015 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 Series 2015 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 of either 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 the Resolution.

Section 5.5 Limited Liability. All payments of principal of and interest on the 2015 Loans and other payment obligations of the Borrower hereunder and under the Series 2015 Bonds shall be special, limited obligations of the Borrower payable, with respect to the Series 2015B Bond, solely out of the Net Revenues and, with respect to the Series 2015A 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 the Resolution and the Series 2015 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 2015 Bonds, and no funds or property of the Borrower other than the Net Revenues or Surplus Net Revenues, as applicable, may be required to be used to pay principal of or interest on the Series 2015 Bonds.

Section 5.6 Reallocation of 2015 Loans. The Borrower understands that the principal amounts of the 2015 Loans have been sized based on the understanding and expectation that the Series 2015 Project costs at least $474,803 and that the Borrower will request disbursement of the full amount of the 2015A Loan and the 2015B Loan. Notwithstanding any provision to the contrary herein, the Borrower acknowledges and agrees that in the event there is any Undisbursed Committed Amount, then the DNRC reserves the right in its sole and complete discretion to reallocate loan amounts as between the 2015A and B Loans on the basis of the amounts of the 2015A and B Loans that the Borrower would have been entitled to had the 2015 Loans initially equaled the Committed Amount less the Undisbursed Committed Amount. The reallocation between the 2015A and B Loans will reflect the same proportions of the 2015 Loans originally allocated to the 2015A and B Loans. Upon making such reallocation, the DNRC shall deliver to the Borrower a replacement Series 2015A and B Bond reflecting adjusted principal amounts, which bonds shall supersede and render of no effect the original bonds and be payable on the same dates as described in the original bonds, but in an adjusted amount owing on each Payment Date because of the reallocation of principal amounts. The Borrower shall execute and deliver the replacement Series 2015A and B Bonds to the DNRC within thirty (30) days after delivery of such bonds to the Borrower by the DNRC. Contemporaneous with the delivery of the replacement Series 2015A and B Bonds to the DNRC by the Borrower, the Borrower shall determine whether the Net Revenues of the System total at least 110% of the maximum principal of and interest payable on the Series 2015 Bonds outstanding in any Fiscal Year, and, if they do not, the Borrower shall increase its rates and charges to satisfy the rate covenant set forth in

Section 6.7 below, within three (3) months after the date of delivery of the replacement Series 2015A and B Bonds to the DNRC by the Borrower.

ARTICLE VI

OTHER AGREEMENTS OF BORROWER

Section 6.1 Maintenance of System: Liens. The Borrower makes the same commitments as to maintenance and liens with respect to the Series 2015 Bonds and the Project as made in Section 2.10 of Resolution No. 999 with respect to the Series 2009 Project funded through Resolution No. 999.

Section 6.2 Maintenance of Existence: Merger, Consolidation, Etc.: Disposition of Assets. The Borrower makes the same commitments with regard to maintenance of its existence, merger, consolidation or disposition of assets as made in Section 2.11 of Resolution No. 999.

Section 6.3 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 2015 Bonds or any other funds of the Borrower with respect to the Series 2015 Project, directly or indirectly, in a manner that would cause, or take any other action that would cause, any State Bonds 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 2015 Loans or the portion of the 2015 Loans 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 System 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 Series 2015 Project being refinanced or the cost of which is being reimbursed was acquired by and is now and shall, during the term of the 2015 Loans, be owned by the Borrower and not by any other Person. Any portion of the Series 2015 Project being financed shall be acquired by and shall, during the term of the 2015 Loans, be owned by the Borrower and not by any other Person. Notwithstanding the previous two sentences, the Borrower may transfer the System 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 DNRC to comply with Sections 2.2(h), 2.2(i) and 6.3 hereof and if the DNRC receives an Opinion of Bond Counsel to the effect that such transfer will not violate the Act or the Safe Drinking 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 herein, the Borrower may sell or otherwise dispose of any portion of the 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 Safe Drinking Water Act.

(e) At the Closing of the 2015 Loans 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 Additional 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 2015 Loans it will not contract with or permit any Private Person to manage the 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 Act or the Safe Drinking Water Act or adversely affect the exclusion of interest on the State Bonds from gross income or purposes of federal income taxation.

(g) The Borrower may not lease the System 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 Resolution, provided the Borrower may lease all or any portion of the System 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 System if (i) such change will violate the Safe Drinking 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 6.4 Competing Service. The Borrower will not establish or authorize the establishment of any other system for the public supply of service or services in competition with any or all of the services supplied by the facilities of the System.

Section 6.5 Billing. The charges for water services shall be billed at least quarterly, and if the bill is not paid within 60 days of the date of billing, or if the customer fails to comply with all rules and regulations established for the System within 60 days after notice of violation thereof (which notice shall be given promptly upon discovery of any such violation), the water service to the premises involved shall be discontinued and shall not be resumed until payment of all past due bills for water service and compliance with all such rules and regulations. The Borrower shall take appropriate legal action to collect the unpaid charges, including, to the extent now or hereafter authorized by law, making the charge a lien against the real property served by the water connection for which the charge remains unpaid and causing charges with respect to such properties to be collected in the same manner as taxes levied against property within the Borrower.

Section 6.6 Remedies. The DNRC, so long as it owns the Series 2015 Bonds, or the owners of not less than 25% in principal amount of the outstanding Bonds issued and secured under the provisions of this Resolution shall have the right, either at law or in equity, through suit, action or other proceedings, to protect and enforce the rights of all owners of such Bonds and to compel the performance of any and all of the covenants required herein to be performed by the Borrower, and its officers and employees, including but not limited to the fixing and maintaining of rates, fees and charges and the collection and proper segregation of gross revenues and the application and use thereof. The owners of a majority in principal amount of such outstanding Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Bondowners or the exercise of any power conferred on them and the right to waive a default in the performance of any such covenant, and its consequences, except a default in the payment of the principal of, premium, or interest on any Bond when due. However, nothing herein shall impair the absolute and unconditional right of the owner of each such Bond to receive payment of the principal of, premium, if any, and interest on such Bond as such principal and interest respectively become payable, and to institute suit for any such payment. Any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Borrower with power to charge and collect rates, fees and charges sufficient to provide for the payment of any Bonds or obligations outstanding against the System, and to apply the gross revenues in conformity with this Resolution and the laws of the State.

Section 6.7 Rate Covenant. While any Bonds are outstanding and unpaid, the rates, charges and rentals for all services and facilities furnished and made available by the System to the Borrower and its inhabitants, and to all customers within or without the boundaries of the Borrower, shall be reasonable and just, taking into consideration the cost and value of the System and the cost of maintaining and operating them, and the amounts necessary for the payment of all Bonds and the interest accruing thereon, and the proper and necessary allowances for the Reserve Account and depreciation of the System, and no free service shall be provided to any person or corporation. In accordance with DNRC's Program requirements, as provided in Montana Code Administrative Rule 36.23.111(1)(c), the Borrower covenants that the rates, charges and rentals to be charged to all recipients of water services shall be maintained and shall be revised, whenever and as often as may be necessary, according to schedules such that the revenues for each fiscal year will be at least sufficient to pay the current expenses of operation and maintenance as herein defined, to maintain the Operating Reserve herein established, to maintain the Reserve Requirement as redefined in Section 1.01 of this Resolution, to pay the

principal and interest on any Subordinate Obligations, to provide reserves for the replacement and depreciation of the System and to produce Net Revenues during each fiscal year commencing with the fiscal year ending June 30, 2016, not less than 110% of the maximum annual principal and interest payable on any outstanding Revenue Bonds in the current or any future fiscal year and to produce Surplus Net Revenues during each fiscal year commencing with the fiscal year in which the DNRC delivers a DNRC Noncompliance Statement in an amount at least sufficient to pay the principal of and interest on the Series 2015A Bond as and when due.

For purposes of construing the foregoing sentence, principal of and interest on the Series 2015A Bond shall initially be disregarded. However, in the event the Borrower's obligation to repay the principal of the Series 2015A Bond is not forgiven as described in Section 5.1.2 of this Resolution, the Borrower shall forthwith, and, in any event, within three months after the date of delivery by the DNRC to the Borrower of an DNRC Noncompliance Statement, cause the rates, charges and rentals to be charged to all recipients of water services to be maintained and to be revised whenever and as often as may be necessary, according to schedules such that (i) Revenues for each Fiscal Year will be at least sufficient to pay the principal of and interest on all Bonds payable from the Revenues derived in such Fiscal Year, to establish and maintain the Reserve Requirement, to pay promptly the reasonable and current Operating Expenses, to pay the principal of and interest on any Subordinate Obligations (including, without limitation, all Outstanding principal of the Series 2015A Bond with interest thereon at 2.50% per annum) and to provide reserves for the repair and replacement of the System, and (ii) Net Revenues for each Fiscal Year commencing after June 30, 2016 will be equal to at least 110% of the maximum Principal and Interest of Revenue Bonds for all future Fiscal Years during which any Revenue Bonds will be outstanding. The establishment of the percentage of Net Revenues and the provision of adequate Net Revenues to pay Subordinate Obligations contained above in this paragraph have been deemed necessary in order to sell the Bonds and Subordinate Obligations upon terms most advantageous to the Borrower.

If at the close of any fiscal year the Net Revenues actually received during such year have been less than required hereby, the Borrower will forthwith prepare a schedule of altered rates, charges and rentals which are just and equitable and sufficient to produce Net Revenues and Surplus Net Revenues in such amount, and will do all things necessary to the end that such schedule will be placed in operation at the earliest possible date.

The Series 2015A Bond is a Subordinate Lien Taxable Obligation payable from Surplus Net Revenues as described in Section 10.3 of this Resolution. Any Revenues or Net Revenues segregated to pay such Subordinate Obligations in the Fund are subject to the prior appropriation thereof to the Operating Account, the Revenue Bond Account or the Reserve Account if necessary to meet the requirements thereof.

The establishment of the above ratio of Net Revenues available for the Revenue Bond Account and the provision for adequate Surplus Net Revenues in the event the Borrower's obligation to repay the principal of the Series 2015A Bond is not forgiven are deemed necessary for the DNRC to make the 2015 Loans to the Borrower upon terms most advantageous. The excess of the Net Revenues over the annual principal and interest and Reserve Requirements of the Series 2015 Bonds may be used as authorized in Section 11.6 and 11.7 of this Resolution.

The Series 2015 Bonds may be prepaid according to their terms on any date, and in the estimation of the governing body of the Borrower any excess, prior to that date, of Net Revenues over principal and interest payments actually due and the balance required to be maintained in the Reserve Account, will be needed to pay or to provide reserves for payment of replacements, renewals and improvement costs, in order to provide adequate service for the present population and the increase thereof reasonably to be expected; and after that date, any excess not required for such purposes in the judgment of the governing body of the Borrower may be used to prepay the Series 2015A Bond and thereby reduce the interest cost thereon to the Borrower and to the persons served by the System.

Section 6.8 Appointment of Superintendent. In the event of default on the part of the Borrower in the payment of principal of or interest on any Bond promptly as each falls due, or in the keeping of any covenants herein contained, and if such default shall continue for a period of 60 days, the governing body of the Borrower will appoint a special superintendent for the System, with the power and responsibility to operate the System for the Borrower, and to recommend to the governing body of the Borrower such revisions of the rates and charges and operating policies as may be necessary to comply with this Resolution, and to assure that the Net Revenues will be sufficient to pay all principal of and interest on Bonds, and he shall in all things so operate the System as to comply fully with all the requirements and provisions of this Resolution. The right of the owners of the Bonds to require employment of such a superintendent shall not be exclusive, and in the event of default as herein outlined, such owner or owners shall have the right to proceed at law or in equity, in any form of action which shall to them seem appropriate.

ARTICLE VII

INDEMNIFICATION OF DNRC AND DEQ

The Borrower shall, to the full 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 Series 2015 Project. The Borrower shall also, to the full extent permitted by law, 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 VIII

ASSIGNMENT

Section 8.1 Assignment by Borrower. The Borrower may not assign its rights and obligations under the Resolution or the Series 2015 Bonds.

Section 8.2 Assignment by DNRC. The DNRC will pledge its rights under and interest in the Resolution, the Series 2015 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 8.3 State Refunding Bonds. In the event the State Bonds and Additional State Bonds are refunded by bonds which are not Additional State Bonds, all references in the Resolution to State Bonds and Additional State Bonds shall be deemed to refer to the refunding bonds and any bonds of the State on a parity with such refunding bonds (together, the "Refunding Bonds") or, in the case of a crossover refunding, to the State Bonds and Additional 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 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 IX

THE SERIES 2015 Bonds

Section 9.1 Authorization. Under the provisions of the Enabling Act, the Borrower is authorized to issue and sell its revenue bonds for the design, construction and financing of the Series 2015 Project with such Bonds payable during a term not exceeding 20 years.

Section 9.2 Outstanding Water Debt. The Series 2009B Bond is currently outstanding and has a parity lien on the Net Revenues with the Series 2015B Bond. No other Bonds or indebtedness are outstanding that are payable from the Net Revenues of the System.

Section 9.3 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 2015B Bond the Net Revenues (and, in respect of the Series 2015A 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 Borrower agrees to establish its rates and charges such that the Net Revenues available are sufficient to pay (after payment of the System Operation and Maintenance expenses and meeting the Reserve Requirement) 110% of the maximum principal of and interest on the outstanding Bonds issued under the Resolution in the current or any future fiscal year. The Net Revenues to be produced by such rates, charges and rentals during the term of the Series 2015 Bonds are expected to be more than sufficient to pay the principal and interest when due on the Series 2015B 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 2015A Loan is disregarded. The Borrower acknowledges and agrees that if the DNRC delivers a Noncompliance Statement to the Borrower as provided in Section 5.1.2 as determined in the sole and complete discretion of the DNRC, then principal and interest and surcharges will become due and owing on the 2015A Loan evidenced by the Series 2015A Bond as provided in Section 5.1 and the Borrower shall thereupon, and no later than three (3) months after delivery of such a statement, to the extent required by Section 6.7 hereof, 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 at least 110% of the maximum principal and interest payments payable on outstanding Bonds in the current or any future fiscal year.

Section 9.4 Issuance and Sale of the Series 2015 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 2015 Bonds to evidence the 2015 Loans. The Series 2015 Bonds are issued to the DNRC without public sale pursuant to Montana Code Annotated, Section 7-7-4433(2)(a).

Section 9.5 Terms. The Series 2015A Bond and the Series 2015B Bond shall be in the maximum principal amount equal to the original 2015A Committed Amount and 2015B 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 2015A Loan and 2015B Loan, respectively. The principal of and interest on the Series 2015B Bond, and, if applicable, the principal of and interest on the Series 2015A Bond and any Administrative Expense Surcharge and Loan Loss Reserve on the Series 2015A Bond and the Series 2015B Bond shall be payable on the same dates and in the same amounts on which Loan Repayments are payable. Advances of principal of the Series 2015A Bond or Series 2015B Bond shall be deemed made when advances of the 2015A Loan or 2015B Loan, respectively, are made under Section 4.1, and such advances shall be payable in accordance with Schedule B to the Series 2015B Bond and, if applicable, the Series 2015A Bond, as the case may be, as it may be revised by the DNRC from time to time in accordance with Section 5.1. The Series 2015A Bond is a Subordinate Obligation payable only from the Surplus Net Revenues.

The Borrower may prepay the Series 2015 Bonds, in whole or in part, only upon the terms and conditions under which it can prepay the 2015 Loans under Section 5.3.

Section 9.6 Negotiability, Transfer and Registration. The Series 2015 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. While so registered, principal of and interest on the Series 2015 Bonds shall be payable to the DNRC at the Office of the Department of Natural Resources and Conservation, 1625 Eleventh Avenue, Helena, Montana 59620-1601 or such other place as may be designated by the DNRC in writing and delivered to the Borrower. The Series 2015 Bonds shall be negotiable, subject to the provisions for registration and transfer contained in this Section. No transfer of the Series 2015 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 2015 Bonds, and (2) the City Finance Officer of the Borrower (or

successors, the "Registrar"), as Bond Registrar, has duly noted the transfer on the Series 2015 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 2015 Bonds is registered as the absolute owner of the Series 2015 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 Bond to the extent of the sum or sums so paid.

Section 9.7 Execution and Delivery. The Series 2015 Bonds shall be executed on behalf of the Borrower by the manual signatures of the Mayor and City Clerk. Any or all of such signatures may be affixed at or prior to the date of delivery of the Series 2015 Bonds. The Series 2015 Bonds shall be sealed with the corporate seal of the Borrower, if such seal exists. In the event that any of the officers who shall have signed the Series 2015 Bonds shall cease to be officers of the Borrower before the Series 2015 Bonds are issued or delivered, their signatures shall remain binding upon the Borrower. Conversely, the Series 2015 Bonds may be signed by an authorized official who did not hold such office on the date of adoption of this Resolution. The Series 2015 Bonds shall be delivered to the DNRC, or its attorney or legal representative.

Section 9.8 Form. The Series 2015A Bond shall be prepared in substantially the form attached as Appendix B-1 and the Series 2015B Bond shall be prepared in substantially the form attached as Appendix B-2.

Section 9.9 Acquisition and Construction Account. To the Acquisition and Construction Account shall be credited as received the portion of the proceeds of Series 2015 Bonds for costs of the Series 2015 Project and for costs of issuance of the Series 2015 Bonds and any other funds appropriated by the Borrower to the Acquisition and Construction Account for improvements to the System, and all income received from the investment of the Acquisition and Construction Account.

ARTICLE X

ADDITIONAL WATER DEBT

Section 10.1 Other Revenue Bonds. The Borrower reserves the right to issue Additional Bonds payable from the Revenue Bond Account of the Fund on a parity as to both principal and interest with the Series 2009B Bond and the Series 2015B Bond, if the Net Revenues of the System for the last complete fiscal year preceding the date of issuance of such Additional Bonds have equaled at least 110% of the maximum amount of principal and interest payable from said Revenue Bond 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 and payable from the Revenue Bond Account. 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 Borrower, 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 cost plus any additional annual costs of operation and maintenance which the Consultant estimates will be incurred because of the improvement or extension of the System to be constructed from the proceeds of the Additional Bonds proposed to be issued. In no event shall any Additional Bonds be issued and made payable from the Revenue Bond 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 this 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. In connection with the issuance of a series of Additional Bonds, the Borrower shall cause the Reserve in the Revenue Bond Account to be increased, from the proceeds of the Additional Bonds or from surplus Net Revenues, to an amount equal to the Reserve Requirement during the term of the outstanding Bonds or so much thereof as will not cause the Borrower to violate the provisions of Section 12.2 hereof.

Section 10.2 Subordinate Bonds. Nothing in this Resolution shall preclude the Borrower from issuing Subordinate Obligations which are expressly made a charge on only the Surplus Net Revenues of the System and subordinate to the pledge of Net Revenues to the Revenue Bond Account and Reserve Account; provided, however, no obligations may be issued pursuant to this Section 10.3 if a deficiency exists in the Revenue Bond Account or the Reserve Account which is not to be restored by the issuance of the Subordinate Obligations.

Section 10.3 Refunding Revenue Bonds. The Borrower reserves the right and privilege of refunding any or all of the Bonds subject to the following terms and conditions:

(a) Any matured Bonds may be refunded if moneys available for the payment thereof at maturity, within the limitation prescribed in Section 10.1, should at any time be insufficient to make such payment in full.

(b) Any Bonds may be refunded prior to maturity as and when they become prepayable according to their terms.

(c) Provision may be made for the payment and refunding of any unmatured Bonds by the deposit with a duly qualified depository bank, as escrow agent, of cash sufficient, or of securities of the kinds authorized by law, the payments of interest on and principal of which are sufficient, to pay the principal amount of and premium, if any, on such Bonds with interest to maturity or to any prior date or dates on which they are prepayable, and have been called for redemption or provision has been irrevocably made for their redemption, on such date or dates.

Any refunding revenue Bonds issued for the above purposes may be made payable from the net revenues on a parity as to interest with all then outstanding Bonds; provided that (1) if not all of the Bonds of a series are refunded, the maturity of each refunding revenue Bond shall be subsequent to the last maturity of any then outstanding Bonds of such series which are not refunded or to be refunded out of moneys on deposit with such escrow agent, and (2) no

Bondowner shall be required to accept a refunding revenue Bond in exchange for any Bond owned by him.

ARTICLE XI

WATER SYSTEM FUND

Section 11.1 Bond Proceeds and Revenues Pledged and Appropriated. A special Water System Fund was created by Resolution No. 999 and will be maintained as a separate and special bookkeeping account on the official books of the Borrower until all Bonds (including the Series 2015A Bond, if applicable) and interest and redemption premiums due thereon have been fully paid, or the Borrower's obligations with reference to such Bonds has been discharged as provided in this Resolution. All proceeds of Series 2015 Bonds issued hereunder and all other funds presently on hand derived from the operation of the System are irrevocably pledged and appropriated to the Fund. In addition, there is hereby irrevocably pledged and appropriated to the Fund all gross revenues and receipts from rates, fees, charges and rentals imposed for connections with and for the availability, benefit and use of the System and from any sales of property acquired for the System and all income received from the investment of such gross revenues, including investment of the Reserve established in the Revenue Bond Account and the Operating Reserve established in the Operating Account, levied for construction of any part of the System and the proceeds of any grant or loan from the State or the United States, and any investment income thereon, to the extent such exclusion is a condition to such grant or loan. The Fund was subdivided into separate accounts as designated and described in Sections 11.2 through 11.7 of Resolution No. 999, to segregate income and expenses received, paid and accrued for the respective purposes described in those sections. The gross revenues received in this Fund shall be apportioned monthly, commencing as of the date of Closing.

Section 11.2 Acquisition and Construction Account. The Acquisition and Construction Account shall be used only to pay as incurred and allowed costs which under accepted accounting practice are capital costs of the Series 2015 Project and of such future reconstructions, improvements, betterments or extensions of the System as may be authorized in accordance with law, including but not limited to payments due for work and materials performed and delivered under construction contracts, architectural, engineering, inspection, supervision, fiscal and legal expenses, the cost of lands and easements, reimbursement of any advances made from other Borrower funds, and all other expenses incurred in connection with the acquisition, construction and financing of any such undertaking. To the Acquisition and Construction Account shall be credited as received all proceeds of Series 2015 Bonds and other Bonds issued hereunder (except proceeds of refunding Bonds appropriated to the payment of outstanding Bonds and amounts required to be credited to the Revenue Bond Account), all other funds appropriated by the Borrower for the System and any other funds appropriated by the Borrower to the Acquisition and Construction Account for improvements to the System, and all income received from the investment of the Acquisition and Construction Account.

Section 11.3 Operating Account. On each monthly apportionment there shall first be set aside and credited to the Operating Account, as a first charge on the gross revenues, such amount as may be required over and above the balance then held in the account to pay the reasonable and

necessary operating expenses of the System which are then due and payable, or are to be paid prior to the next monthly apportionment. The term "operating expenses" shall mean 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 practice, and shall include, without limitation, administrative expenses of the Borrower relating solely to the System, premiums for insurance on the properties thereof, labor and the cost 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 monthly but may reasonably be expected to be incurred in accordance with sound accounting practices. Such expenses shall not include any allowance for interest expense or depreciation, renewals or replacements of capital assets of the System and shall not include any portion of the salaries or wages paid to any officer or employee of the Borrower, except such portion as shall represent reasonable compensation for the performance of duties necessary to the operation of the System. There shall also be credited to this account forthwith upon the delivery of the Series 2015 Bonds and from available funds other than the proceeds therefrom a sum equal to the estimated average monthly operating expenses of the System to establish an Operating Reserve, which sum shall be maintained by additional transfers upon each monthly apportionment whenever necessary, or may be augmented by transfers of additional amounts from the Surplus Account described below if determined by the governing body of the Borrower to be necessary to meet contingencies arising in the operation and maintenance of the System. Money in the Operating Account shall be used solely for the payment of current operating expenses of the System.

Section 11.4 Revenue Bond Account. Upon each monthly apportionment there shall be set aside and credited to the Revenue Bond Account out of the Net Revenues an amount equal to not less than the sum of one-sixth of the interest due within the next six months plus one-twelfth of the principal to become due within the next twelve months with respect to outstanding Bonds payable from the Revenue Bond Account; provided that the Borrower shall be entitled to reduce a monthly credit by the amount of any surplus previously credited and then on deposit in the Revenue Bond Account. Money from time to time held in the Revenue Bond Account shall be disbursed only to meet payments of principal of, premium, if any, and interest on the Bonds payable therefrom as such payments become due. If any payment of principal or interest becomes due when moneys in the Revenue Bond Account are temporarily insufficient therefor, such payment shall be advanced out of any Net Revenues theretofore segregated and then on hand in the Reserve Account, the Replacement and Depreciation Account or the Surplus Account.

Section 11.5 Reserve Account. The Borrower agrees to establish and maintain a Reserve Account in the Fund. Upon each monthly apportionment, from the Net Revenues remaining after the apportionment to the Revenue Bond Account, the Borrower shall credit to the Reserve Account such additional Net Revenues as may be required to establish and thereafter maintain the balance in an amount equal, as of the date of calculation, to the Reserve Requirement (one-half the annual maximum principal and interest payment on all Bonds. Money in the Reserve Account shall be used only to pay maturing principal, premium and interest on Bonds when money within the Revenue Bond Account is insufficient therefor; provided that on any date when all outstanding Bonds of a series are due or prepayable by their terms, if the amount then on hand in the Reserve Account allocable to such Bonds and available for such appropriation is

sufficient with money available for the purpose to pay all such Bonds and the interest accrued thereon in full, it may be used for that purpose; and provided, further, that so long as the amount on hand in the Reserve Account is not less than the Reserve Requirement, the Borrower may credit earnings on investment of the Reserve Account to the Replacement and Depreciation Account.

Section 11.6 Replacement and Depreciation Account. There shall next be set aside and credited, upon each monthly apportionment, to the Replacement and Depreciation Account Surplus Net Revenues of the System, as the governing body of the Borrower shall determine to be required for the accumulation of a reasonable allowance for repair and depreciation of the System and for replacement or renewal of worn out, obsolete or damaged properties and equipment thereof. Money in this account shall be used only for the purposes above stated or, if so directed by the governing body of the Borrower, to redeem Bonds which are prepayable according to their terms, to pay principal or interest when due thereon as required in Section 11.5, or to pay the cost of improvements to the System; provided that in the event construction and installation of additional improvements or additions to the System are financed other than from proceeds of Bonds payable from the Revenue Bond Account, surplus net revenues from time to time received may be segregated and paid into one or more separate and additional accounts for the repayment of such indebtedness and interest thereon, in advance of payments required to be made into the Replacement and Depreciation Account.

Section 11.7 Surplus Account. This account is also referred to as the Subordinate Obligations Account. Any amount of the Surplus Net Revenues from time to time remaining after the above required applications thereof shall be credited to the Surplus Account (or such other account in the Fund as the Borrower may establish for bookkeeping purposes to account for surplus money in accordance with the purposes of this Resolution), and the money from time to time in that account, when not required to restore a current deficiency in the Revenue Bond Account as provided in Section 11.4, may be used for any of the following purposes and not otherwise:

(a) To redeem bonds payable from the Net Revenues when and as such bonds become prepayable according to their terms; or

(b) To purchase Bonds on the open market, whether or not the Bonds or other such Bonds may then be prepayable according to their terms; or

(c) To be held as a reserve for redemption of bonds payable from the Net Revenues which are not then but will later be prepayable according to their terms; or

(d) To pay for repairs of or for the construction and installation of improvements or additions to the System; or

(e) To restore the Operating Reserve or increase the same when determined to be necessary by the governing body of the Borrower; or

(f) to pay the principal and interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge on Subordinate Obligations.

No money shall at any time be transferred from the Surplus Account or any other account of the Fund to any other fund of the Borrower, nor shall such moneys at any time be loaned to other municipal funds or invested in warrants, special improvement bonds or other obligations payable from other funds, except as provided in Section 11.8.

Section 11.8 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 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; provided that funds on hand in the Reserve Account, the Replacement and Depreciation Account and the Surplus Account may be invested in said securities maturing not later than five years from the date of the investment; and provided, further, that money on hand in the Surplus Account of the Fund may, in the discretion of the governing body of the Borrower, be invested in any securities which are direct, general obligations of the Borrower. 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 Series 2015 Project. The Series 2015 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 Series 2015 Project or the System or security for the payment of the Series 2015B Bond which might cause the Series 2015B 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 2015B 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 2015B 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 2015B 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 Mayor and the City Clerk, being the officers of the Borrower charged with the responsibility for issuing the Series 2015B Bond pursuant to the 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 2015B Bond, it is reasonably expected that the proceeds of the Series 2015B Bond will be used in a manner that would not cause the Series 2015B Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code and the Regulations.

Section 12.4 Arbitrage Rebate Exemption.

(a) The Borrower hereby represents and makes the election that the Series 2015B Bond qualifies for the exception for small governmental units to the arbitrage rebate provisions contained in Section 148(f)(2) of the Code. Specifically, the Borrower represents:

(1) Substantially all (not less than 95%) of the proceeds of the Series 2015B Bond (except for amounts to be applied to the payment of costs of issuance) will be used for local governmental activities of the Borrower.

(2) The aggregate face amount of all "tax-exempt bonds" (including warrants, contracts, leases and other indebtedness, but excluding private activity bonds) issued by or on behalf of the Borrower and all subordinate entities thereof during 2015 is reasonably expected not to exceed $5,000,000. To date in 2015, the Borrower has issued no tax-exempt bonds.

(3) The Borrower has general taxing powers as a City.

(b) If notwithstanding the provisions of paragraph (a) of this Section 10.4, the arbitrage rebate provisions of Section 148(f) of the Code apply to the Series 2015B Bond, the Borrower hereby covenants and agrees to make the determinations, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 148(f).

Section 12.5 Information Reporting. The Borrower shall file with the Secretary of the Treasury, not later than 45 days after the end of the calendar quarter in which the Series 2015B Bond is issued, a statement concerning the Series 2015B Bond containing the information required by Section 149(e) of the Code.

Section 12.6 "Qualified Tax-Exempt Obligations." Pursuant to Section 265(b)(3)(B)(ii) of the Code, the Borrower hereby designates the Series 2015B Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code. The Borrower has not so designated any other obligations in 2015. The Borrower hereby represents that it does not anticipate that obligations bearing interest not includable in gross income for purposes of federal income taxation under Section 103 of the Code (including refunding obligations as provided in Section 265(b)(3) of the Code and including "qualified 501(c)(3) bonds" but excluding other "private activity bonds," as defined in Sections 141(a) and 145(a) of the Code) will be issued by or on behalf of the Borrower and all "subordinate entities" of the Borrower in 2015 in an amount greater than $10,000,000.

ARTICLE XIII

CONTINUING DISCLOSURE

The Borrower understands and acknowledges that the DNRC is acquiring the Series 2015 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 generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the 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 Mayor and the City Clerk 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 XIV

MISCELLANEOUS

Section 14.1 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
1625 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 Polson
106 1st Street E.
Polson, Montana 59860
Attn: City Clerk

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

Section 14.3 Severability. If any provision of this 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 14.4 Amendments. This Resolution may not be effectively amended without the written consent of DNRC.

Section 14.5 Applicable Law. This Resolution shall be governed by and construed in accordance with the internal laws of the State.

Section 14.6 Captions; References to Sections. The captions in this Resolution are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Resolution.

Section 14.7 No Liability of Individual Officers, Directors or Trustees. No recourse under or upon any obligation, covenant or agreement contained in this 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 Resolution and the making of the 2015 Loans.

Section 14.8 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 Resolution or the Series 2015 Bonds, shall not be 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 Resolution or the Series 2015 Bonds.

Section 14.9 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 (10.00%) 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 Series 2015 Project or the facility or facilities of which the Series 2015 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 14.10 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 2015 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 2015 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 14.11 Amendment of Section 1.1 of Resolution No. 999 on Definition of "Reserve Requirement." As used herein and in Resolution No. 999, the term "Reserve Requirement" has the meaning provided in Section 1.1 hereof. DNRC, as part of the Program, agrees that the newly defined term "Reserve Requirement" also applies to the Series 2009B Bond.

Section 14.12 Amendment of Section 5.7 and 6.7 of Resolution No. 999 on Rate Covenants. The required 125% of Net Revenues available for debt service required by Section 5.7 and 6.7 of Resolution No. 999 on the Series 2009B Bond shall now be 110% instead of 125% on the Series 2009B Bond. DNRC, as part of the Program, agrees to such provision.

Section 14.13 Amendment of Section 10.1 of Resolution No. 999 on Additional Bonds. The required 125% of Net Revenues available for debt service required by Section 10.1 of Resolution No. 999 to allow the issuance of Additional Bonds on a parity with the Series 2009B Bond shall now be 110% instead of the 125% previously required by Resolution No. 999 for the Series 2009B Bond. DNRC, as part of the Program, agrees to such provision.

Section 14.14 Date. This Resolution shall take effect immediately.

Adopted by the City Commission of the City of Polson, Montana, on this 4th day of May, 2015.

_____
Mayor

ATTEST:

_____
City Clerk

APPENDIX A

Description of the Series 2015 Project

The Series 2015 Project generally consists of the costs of the planning, design and financing of construction of approximately 5,300 linear feet of water main in the downtown area of Polson and related water main connections and valves.

Estimated Series 2015 Project Budget

	Project Costs
Engineering Design	$141,000
Engineering Construction Services	98,300
Construction	745,680
Loan Reserves	7,813
Administrative/Legal/Prof. Services & Audit	13,000
Bond Counsel and Costs	15,000
Contingency	74,940
TOTALS	$1,095,733

The Series 2015 Project is expected to be funded by: $463,000 Series 2015A and B Bond proceeds; $20,433 in other City funds; TSEP Grant of $512,300 and RRGL grant of $100,000.

Of the amount shown above for construction of and improvements to be included in the Series 2015 Project, the Borrower estimates that _____ of the construction related proceeds of the Series 2015 Bonds will be applied to the costs of Green Infrastructure.

APPENDIX B-1

[Form of the Series 2015A Bond]

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF LAKE

CITY OF POLSON

SUBORDINATE LIEN WATER SYSTEM REVENUE BOND
(DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM)
TAXABLE SERIES 2015A

R-1 $231,500

FOR VALUE RECEIVED, THE CITY OF POLSON, MONTANA (the "Borrower"), a duly organized municipal corporation and political subdivision of the State of 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 out of available Surplus Net Revenues remaining in the Subordinate Obligations Account of its Water 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, together with A Loan Loss Reserve and an Administrative Expense Surcharge on the outstanding principal amount of this Bond from the date of each advance of principal at the rate of twenty-five hundredths of one percent (0.25%) and twenty-five hundredths of one percent (0.25%) per annum, respectively, all subject to the effect of the immediately following paragraph. Interest and Administrative Expense Surcharge and Loan Loss Reserve shall be payable in semiannual installments on each January 1 and July 1 (each a "Loan Repayment Date") commencing with the Loan Repayment 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 2015A Loan is not forgiven and ending on the July 1, 2035, all as described in the Resolution (as hereinafter defined), subject to earlier redemption. Principal shall as well be payable on such dates, as set forth in Schedule B hereto. Each installment shall be in the amount set forth opposite its due date in Schedule B hereto under "Total Loan Payment." The portion of each such payment consisting of principal, the portion consisting of interest and the portion consisting of Administrative Expense Surcharge and the portion consisting of Loan Loss Reserve shall be as set forth in Schedule B attached hereto. Upon each disbursement of 2015A 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 (as hereinafter defined), 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 authorizing this Bond, and the final

Schedule B will reflect repayments under Section 5.1.4 of such 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 shall bear interest at the rate of ten percent (10.00%) per annum, until paid. Interest and Administrative Expense Surcharge and Loan Loss Reserve shall be calculated on the basis of a 360-day year comprising 12 months of 30 days each. All payments under this Bond shall be made to the registered holder of this 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 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 SERIES 2015A 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 BOND SHALL THEREUPON BE MARKED "CANCELLED" AND RETURNED BY THE HOLDER TO THE BORROWER, AND THIS 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 LOAN REPAYMENT DATE FIRST OCCURRING AFTER DELIVERY OF A NONCOMPLIANCE STATEMENT AND INTEREST SHALL BE DEEMED TO ACCRUE ON THE PRINCIPAL OF THIS SERIES 2015A 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 Bond is one of an issue of Water 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 $231,500 (the "Series 2015A Bond"). The Series 2015A Bond is issued to finance a portion of the costs of the construction of certain improvements to the water system of the Borrower (the "System") and to pay costs of issuance of the Series 2015A Bond. The Series 2015A 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, by Resolution No. 999, adopted October 5, 2009, as amended and supplemented by Resolution No. _____, adopted on May 4, 2015 (the "Resolution"). Terms used with initial capital letters but not defined herein shall have the meanings given them in the Resolution. The Series 2015A Bond is issuable only as a single, fully registered bond. The Series 2015A Bond is issued as a Subordinate Obligation payable from Surplus Net Revenues in the Subordinate Obligations Account in the Fund of the Borrower. The Borrower is issuing

simultaneously herewith its $231,500 Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2015B (the "Series 2015B Bond"). Following the 2015B First Advance, principal amounts of this Series 2015A Bond are advanced until all of the principal of this Series 2015A Bond is advanced and then the remaining amounts of principal of the Series 2015B Bond are advanced. The Borrower also has outstanding its $333,700 Water System Revenue Bond (DNRC Drinking Water Revolving Loan Program) Series 2009B which is issued on a parity basis with the Series 2015B Bond.

Reference is made to the Resolution for a more complete statement of the terms and conditions upon which the Series 2015A 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 the Series 2015A Bond.

The Borrower may prepay the principal of the Series 2015A 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 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 to the date of prepayment on the amount of principal prepaid. If the Series 2015A Bond is prepaid in part, such prepayments shall be applied to principal payments in inverse order of maturity.

This Series 2015A Bond, including interest and any premium for the redemption thereof, 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 2015A Bond is registered as the absolute owner hereof, whether this Series 2015A 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 2015A Bond may be transferred as hereinafter provided.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Borrower 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 Water System Fund into which the gross revenues of the System will be paid, and a separate and special Subordinate Obligations Account in that Fund, into which will be paid, subject to the prior lien thereon of the Operating Account, Revenue Bond 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 110% of the maximum amount of principal and interest payable from the Revenue Bond 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 Subordinate Obligations including the Series 2015A Bond, as and when due; that Additional Bonds issued on

a parity with the Outstanding Bonds (such bonds, collectively, with the Outstanding Bonds, the "Bonds") and refunding Bonds may be issued and made payable from the Revenue Bond 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 Bonds on such Net Revenues (such as is the case with this Series 2015A Bond); that all provisions for the security of the holder of this Series 2015A 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 2015A 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 in regular and due form, time and manner as so required; and that this Series 2015A Bond and the interest hereon are payable solely out of available Net Revenues in the Subordinate Obligations Account of the 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 the Series 2015A 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 Polson, Montana, by its governing body, has caused this Bond to be executed by the signatures of its Mayor and City Clerk, and has caused the official seal of the Borrower to be affixed hereto, and has caused this Bond to be dated as of the _____ day of _____, 2015.

_____
Mayor

_____
City Clerk

REGISTRATION AND TRANSFER

This Bond shall be fully registered as to both principal and interest. No transfer of this 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 this Bond, and (2) the City Treasurer 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 this Bond is registered as absolute owner thereof for all purposes, notwithstanding any notice to the contrary. Payments on account of the 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 unpaid Principal Balance of this Bond and the interest accruing thereon is registered on the books of the City of Polson, 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 City Finance Officer
_____, 2015	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 City Treasurer of the City of Polson, 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 Bond to the new registered holder noted next to such date, except for amounts of principal and interest theretofore paid.

Date of Transfer	Name of New Registered Holder	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.

SAMPLE

SCHEDULE A

SCHEDULE OF AMOUNTS ADVANCED

Date	Advances	Total Amount Advanced	Notation Made By

SAMPLE

SCHEDULE B

Date	Principal	Interest	Administrative Expense Surcharge	Loan Loss Reserve Surcharge	Total Loan Payment

SAMPLE

APPENDIX B-2

[Form of the Series 2015B Bond]

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF LAKE

CITY OF POLSON

WATER SYSTEM REVENUE BOND
(DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM)
SERIES 2015B

R-1 $231,500

FOR VALUE RECEIVED, THE CITY OF POLSON, MONTANA (the "Borrower"), a duly organized municipal corporation and political subdivision of the State of 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 from the Revenue Bond Account of its Water 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 a Loan Loss Reserve and an Administrative Expense Surcharge on the outstanding principal amount of this Bond at the rate of twenty-five hundredths of one-percent (0.25%) and twenty-five hundredths of one percent (0.25%) respectively, per annum. Interest, Administrative Expense Surcharge and Loan Loss Reserve shall be payable on each January 1 and July 1 (each a "Loan Repayment Date") commencing January 1, 2016. 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 and the portion consisting of interest, Administrative Expense Surcharge and Loan Loss Reserve shall be as set forth in Schedule B hereto. Upon each disbursement of 2015B 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 (as hereinafter defined), 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 authorizing this Bond. 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 and Loan Loss Reserve shall bear interest at the rate of ten percent (10.00%) per annum, until paid. Interest and Administrative Expense Surcharge and Loan Loss Reserve shall be calculated on the basis of a 360-day year comprising 12 months of 30 days

each. All payments under this Bond shall be made to the registered holder of this Bond, at its address as it appears on the Bond register, in lawful money of the United States of America.

This Bond is one of an issue of Water 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 $231,500 (the "Series 2015B Bond"), issued to finance a portion of the costs of construction of certain improvements to the water system of the Borrower (the "System") and to pay costs of issuance of the Series 2015B Bond. The Series 2015B 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, by Resolution No. 999, adopted October 5, 2009, as amended and supplemented by Resolution No. _____, adopted on May 4, 2015 (the "Resolution"). Terms used with initial capital letters but not defined herein have the meanings given to them in the Resolution. The Series 2015B Bond is issuable only as a single, fully registered bond. The Borrower is also issuing simultaneously herewith its Subordinate Lien Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Taxable Series 2015A (the "Series 2015A Bond"). The Borrower also has outstanding its $333,700 Water System Revenue Bond (DNRC Drinking Water Revolving Loan Program) Series 2009B which is issued on a parity basis with the Series 2015B Bond.

Reference is made to the Resolution for a more complete statement of the terms and conditions upon which the Series 2015B 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 2015B Bond 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 2015B Bond.

The Borrower may prepay the principal of the Series 2015B Bond only if a Determination Statement has been delivered, it obtains the prior written consent of the DNRC thereto, and no Loan Repayment, Administrative Expense Surcharge or Loan Loss Reserve 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 to the date of prepayment on the amount of principal prepaid. If the Series 2015B Bond is prepaid in part, such prepayments shall be applied to principal payments in inverse order of maturity.

The Bonds, including interest and any premium for the redemption thereof, are payable solely from the Net Revenues pledged for the payment thereof and do not constitute a debt of the Borrower within the meaning of any constitutional, statutory or charter limitation or provision.

The Borrower may deem and treat the person in whose name this Series 2015B Bond is registered as the absolute owner hereof, whether this Series 2015B 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 2015B Bond may be transferred as hereinafter provided.

This Series 2015B Bond has been designated by the Borrower as a "qualified tax-exempt obligation" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Borrower has duly authorized and will forthwith undertake the improvements to the System hereinabove described, has fixed and established and will collect reasonable rates and charges for the services and facilities afforded by the System, and has created a special Water System Fund into which the revenues of the System will be paid, and a separate and special Revenue Bond Account in that fund, into which will be paid each month; from and as a first and prior lien on the Net Revenues of the System then on hand, an amount equal to not less than the sum of one-sixth of the interest due within the next six months and one-twelfth of the principal due within the next twelve months with respect to all Bonds payable from that Account; that the Borrower has created a Reserve Account in such fund into which shall be paid additional Net Revenues, after required credits to the Revenue Bond Account sufficient to establish and maintain a reserve therein equal to, as of the date of calculation, the Reserve Requirement (as defined in the Resolution); that the Revenue Bond Account will be used only to pay the principal of, premium, if any, and interest on the Bonds 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 (i) produce Net Revenues for each Fiscal Year in an amount at least sufficient to pay the principal of and interest on all Bonds payable from the Net Revenues derived in such Fiscal Year, to establish and maintain the Reserve Requirement, to pay promptly the reasonable and current Operating Expenses, to pay the principal of and interest on any Subordinate Obligations out of Surplus Net Revenues and to provide reserves for the repair and replacement of the System, and (ii) Net Revenues for each Fiscal Year will be equal to at least 110% of the maximum principal and interest requirements for all future Fiscal Years during which any Bonds will be Outstanding; that Additional Bonds and refunding Bonds may be issued and made payable from the Revenue Bond Account on a parity with the Series 2015B Bond 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 shall be expressly made subordinate to the lien of the Series 2015B Bond; that all provisions for the security of this Series 2015B 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 2015B 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 2015B Bond and the premium, if any, and interest hereon are payable solely from the Net Revenues of the System pledged and appropriated to the Revenue Bond Account and do not constitute a debt of the Borrower within the meaning of any constitutional, statutory or charter limitation or provision and the issuance of the Series 2015B Bond does not cause either the general or the special indebtedness of the Borrower to exceed any constitutional, statutory or charter limitation.

IN WITNESS WHEREOF, the City of Polson, Montana, by its governing body, has caused this Bond to be executed by the signatures of its Mayor and City Clerk, and has caused the official seal of the Borrower to be affixed hereto, and has caused this Bond to be dated as of the ____ day of _____, 2015.

_____

Mayor

_____

City Clerk

SAMPLE

REGISTRATION AND TRANSFER

This Bond shall be fully registered as to both principal and interest. No transfer of this 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 this Bond, and (2) the City Treasurer 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 this Bond is registered as absolute owner thereof for all purposes, notwithstanding any notice to the contrary. Payments on account of the 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 unpaid Principal Balance of this Bond and the interest accruing thereon is registered on the books of the City of Polson, 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 City Finance Officer
_____, 2015	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 City Treasurer of the City of Polson, 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 Bond to the new registered holder noted next to such date, except for amounts of principal and interest theretofore paid.

Date of Transfer	Name of New Registered Holder	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.

SAMPLE

SCHEDULE A

SCHEDULE OF AMOUNTS ADVANCED

Date	Advances	Total Amount Advanced	Notation Made By

SAMPLE

SCHEDULE B

Date	Principal	Interest	Administrative Expense Surcharge	Loan Loss Reserve Surcharge	Total Loan Payment

SAMPLE

APPENDIX C

ADDITIONAL REPRESENTATIONS AND COVENANTS

None

SAMPLE

APPENDIX D

$463,000
Water System Revenue Bonds
(DNRC Drinking Water State Revolving Loan Program)
Consisting Of
$231,500 Subordinate Lien Taxable Series 2015A Bond
And
$231,500 Series 2015B Bond

COMPLIANCE CERTIFICATE AND REQUEST

We, _____ and _____, hereby certify that we are on the date hereof the duly qualified and acting Mayor and City Clerk, respectively, of the City of Polson, Montana (the "Borrower"), and that:

1. Pursuant to Resolution No. _____, adopted by this Commission on May 4 ____, 2015 (the "2015 Resolution"), entitled "Resolution Relating to $463,000 Water System Revenue Bonds (DNRC Drinking Water State Revolving Loan Program), consisting of $231,500 Subordinate Lien Taxable Series 2015A Bond and $231,500 Series 2015B Bond; Authorizing the Issuance and Fixing the Terms and Conditions Thereof" (as so amended and supplemented, collectively the "Resolution"), the Borrower issued its Subordinate Lien Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Taxable Series 2015A, dated, as originally issued, as of _____, 2015, in the maximum aggregate principal amount of $231,500 (the "Series 2015A Bond) and its Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2015B, dated, as originally issued, as of _____, 2015, in the maximum aggregate principal amount of $231,500 (the "Series 2015B Bond"). The Borrower has reviewed the Resolution, including, without limitation, Articles II and III of the Resolution, and the definitions relating thereto. The Borrower acknowledges and agrees that the Series 2015A Bond evidences loans made to the Borrower from the DNRC from funds made available to the DNRC from the 2014 EPA Capitalization Grants, and that this Certificate is being relied upon by the DNRC for ensuring compliance with requirements applicable to the Borrower, the DNRC, and the Series 2015 Project (as hereinafter defined). Capitalized terms used herein without definition shall have the meanings given them in the Resolution.

2. The Series 2015A Bond is issued to finance a portion of the costs of construction and installation of various improvements to the System, generally described as the Series 2015 Project in the Resolution. Construction of the Series 2015 Project has complied with all federal and state standards, including, without limitation, EPA regulations and standards. The Series 2015 Project is expected to be completed and placed in service on or about _____.

3. Costs of the Series 2015 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 2015A Committed Amount or 2015B Committed Amount not advanced or to be advanced upon delivery hereof. The Borrower specifically confirms and agrees that any

remaining amounts of the 2015 Loans to be lent to the Borrower, if any, shall be evidenced by the Series 2015B Bond.

4. As of the date hereof, the Borrower has spent the following amounts in connection with the Series 2015 Project and costs related thereto:

Construction	$
Loan Reserves	
Bond Counsel	
Administrative	
Preliminary Engineering	
Engineer Design	
Construction Engineering	
Contingency	
TOTALS	$

Of such amounts, $_____ were paid from advances of proceeds of the Series 2015A Bond. In addition, as of the date hereof, _____ of the proceeds have been applied to Green Infrastructure.

5. The Trustee has delivered to the Borrower a copy of Schedule B to be attached to the Series 2015A Bond and Schedule B to be attached to the Series 2015B Bond, each of which reflects the amortization of all advances made or to be made on the date hereof of proceeds of the Series 2015A Bond and the Series 2015B Bond, respectively (i.e., $_____ in respect of the Series 2015A Bond (the sum of the amounts of the Series 2015A Bond applied to pay costs of the Series 2015 Project or costs of issuance of the Series 2015 Bonds) and $_____ in respect of the Series 2015B Bond (the sum of the amounts of the Series 2015B Bond applied to pay costs of the Series 2015 Project or costs of issuance of the Series 2015 Bonds or deposited in the Reserve Account as described in paragraph 6 hereof)), as required under Section 7.08(a) of the Indenture. The Borrower hereby acknowledges and agrees that each Schedule B has been calculated in accordance with the provisions of the Resolution and the Indenture, and that each of the Series 2015A Bond and the Series 2015B 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 2015A Bond and interest and surcharges thereon is thereupon forgiven, and if the DNRC delivers a Noncompliance Certificate, amounts advanced under the 2015B Loan evidenced by the Series 2015A Bond shall bear interest from and after the 2015A First Advanced 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, all as described in Section 5.1.2 of the Resolution.

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 Series 2015 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.

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 2015A 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 2015A 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; (iii) if the DNRC delivers to the Borrower a Noncompliance Certificate, (a) the obligation of the Borrower to repay the principal of the Series 2015A Bond plus interest and Administrative Expense Surcharge and Loan Loss Reserve thereon shall continue in full force and effect until the principal of the Series 2015A Bond advanced and interest, Administrative Expense Surcharge, and Loan Loss Reserve thereon are paid in full, as set forth in Schedule B delivered pursuant to paragraph 5 above, and as provided in the Series 2015A Bond and the Resolution, and (b) the Borrower shall, as necessary, within the 3-month period specified in the 2015 Resolution, adjust its rates and charges to produce Net Revenues and Surplus Net Revenues required by the rate covenant in the Resolution.

WITNESS our hands on behalf of the Borrower and the seal of the Borrower as of this _____ day of _____, 20__.

CITY OF POLSON, MONTANA

_____
Mayor

_____
City Clerk