

2018B Loan, the term “interest on the 2018 Loans” or “interest on the 2018A Loan” or “interest on the 2018B Loan” when not used in conjunction with a reference to any surcharges, shall include the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge, if applicable. The Borrower shall pay all Loan Repayments and surcharges in lawful money of the United States of America to the DNRC. Interest, Administrative Expense Surcharge, and Loan Loss Reserve Surcharge shall be calculated on the basis of a year of 360 days comprising 12 months of 30 days each.

5.1.2. Repayment of 2018A Loan; Principal Forgiveness.

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

- (1) Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the outstanding principal balance of the 2018A Loan shall be payable on each Payment Date following the date of delivery by the DNRC of a Noncompliance Statement and concluding on July 1, 2048; and
- (2) the principal of the 2018A Loan shall be payable on each Payment Date, beginning on the Payment Date that is the first to occur following delivery by the DNRC of a Noncompliance Statement, and concluding on July 1, 2048, and the amount of each principal payment shall be calculated on the basis of a substantially level debt service at the rate of 2.50% per annum; provided that principal of the 2018A 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 2018 Project and the Borrower has executed and delivered the Compliance Certificate and Request to the DNRC in form and substance satisfactory to the DNRC and the DEQ within thirty (30) days after the date that the Compliance Certificate and Request is provided to the Borrower by the DNRC, the DNRC will, following review and approval of the Compliance Certificate and Request, deliver to the Borrower an Forgiveness Statement and the Borrower will thereafter have no obligation to repay amounts advanced under the Series 2018A Bond or interest or surcharges thereon and the Series 2018A Bond will be marked “CANCELLED” and returned by the DNRC to the Borrower. However, in the event the Borrower fails to deliver timely the Compliance Certificate and Request, or the Borrower cannot submit the Compliance Certificate and Request because it cannot make the certifications required therein, or the Compliance Certificate and Request is delivered in a form that deviates materially from that attached hereto as Appendix D as determined in the sole and absolute discretion of the DNRC and the DEQ, or the DNRC or the DEQ determines at any time that the 2018 Project or any portion thereof or of the work relating thereto fails to comply with Program requirements, then the DNRC will deliver to the Borrower a Noncompliance Statement. Upon delivery of a

Noncompliance Statement by the DNRC to the Borrower, all principal advanced or to be advanced under the Series 2018 Bond, together with interest, Administrative Expense Surcharge, and Loan Loss Reserve Surcharge thereon from the date of each advance, shall be payable as provided in Section 5.1.2 (a).

(c) In addition, in the event the DNRC delivers a Noncompliance Statement (i) the Series 2018A Bond will continue in effect as a Subordinate Obligation, and (ii) the Borrower will forthwith comply with the rate covenant set forth in Section 6.8 of the 1994 Supplemental Resolution, as amended by Section 11.3 of this Supplemental 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 2018B Loan. The Loan Repayments and surcharges on the 2018B Loan required by this Section 5.1 shall be due on each Payment Date, as follows:

- (1) interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the outstanding principal balance of the 2018B Loan shall be payable on each January 1 and July 1, beginning on January 1, 2019 and concluding on July 1, 2048; and
- (2) the principal of the 2018B Loan shall be repayable on each Payment Date, beginning on January 1, 2019, and concluding July 1, 2048, and the amount of each principal payment shall be calculated on the basis of a substantially level debt service at a rate of 2.50% per annum; provided that principal of the 2018B Loan is payable only in amounts that are multiples of \$1,000.

5.1.4. Details Regarding 2018 Loan Repayments. Upon each disbursement of the 2018 Loans to the Borrower pursuant to Section 4.1 hereof, the Trustee shall enter or cause to be entered the amount advanced on Schedule A to the Series 2018A Bond and the Series 2018B Bond, as applicable, under "Advances" and the total amount advanced under Section 4.1, including such disbursement, under "Total Amount Advanced." Loan Repayments and the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge on the 2018B Loan and, if applicable, on the 2018A Loan, accrue on each such advance from the date of disbursement and shall be due and payable on the dates and in the amounts shown in Schedule B to the Series 2018A Bond and the Series 2018B Bond, as such Schedule B shall be modified from time to time as provided in Sections 5.1.2, 5.1.3, and 5.1.4. The portion of each such Loan Repayment consisting of principal, of interest, of Administrative Expense Surcharge and of Loan Loss Reserve Surcharge shall be set forth in Schedule B to the Series 2018A Bond and the Series 2018B Bond.

If the DNRC shall have delivered a Noncompliance Statement, then Schedule B to the Series 2018A Bond shall continue to reflect interest and surcharges on amounts advanced under the Series 2018A Bond at the rate of 2.50% per annum. If the DNRC delivers a Forgiveness Statement, Schedule B to the Series 2018A Bond will be disregarded and of no effect.

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

Any payment of principal and interest as to the Series 2018B Bond and, if applicable, the Series 2018A Bond, and the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge as to the Series 2018B Bond, and, if applicable, the Series 2018A Bond under this Section 5.1 shall be credited against the same payment obligation under each of the Series 2018B Bond and, as applicable, the Series 2018A 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 2018 Loans, all reasonable expenses of the DNRC and the Trustee in connection with the 2018 Loans, the Collateral Documents and the Series 2018 Bonds, including, but not limited to:

- (a) the cost of reproducing this Supplemental Resolution, the Collateral Documents and the Series 2018 Bonds;
- (b) the fees and disbursements of bond counsel and other Counsel utilized by the DNRC and the Trustee in connection with the Loan, the Resolution, the Collateral Documents and the Series 2018 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 2018 Bonds, whether or not the Series 2018 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 2018 Bonds, the Collateral Documents and the Resolution under 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 2018B Bond, and, if applicable, the Series 2018A Bond, unless (i) a Determination Statement has been delivered, (ii) it obtains the prior written consent of the DNRC thereto, and (iii) no Loan Repayment or Administrative Expense Surcharge or Loan Loss Reserve Surcharge is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal prepaid. If the Series 2018 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 2018 Bonds and to perform its other agreements contained in the Resolution, the Series 2018 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 2018 Bonds, (b) shall perform all its other agreements in the Resolution, the Series 2018 Bonds and the Collateral Documents and (c) shall not terminate the Resolution, the Series

2018 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 2018 Project or the System, commercial frustration of purpose, any dispute with the DNRC or the EPA, any change in the laws of the United States or of the State or any political subdivision thereof or any failure of the DNRC to perform any of its agreements, whether express or implied, or any duty, liability or obligation arising from or connected with the Resolution.

Section 5.5 Limited Liability. All payments of principal of and interest on the 2018 Loans and other payment obligations of the Borrower hereunder and under the Series 2018 Bonds shall be special, limited obligations of the Borrower payable with respect to the Series 2018B Bond solely out of the Net Revenues or, with respect to the Series 2018A Bond, solely out of Surplus Net Revenues and shall not, except at the option of the Borrower and as permitted by law, be payable out of any other revenues of the Borrower. The obligations of the Borrower under this Resolution and the Series 2018 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 2018 Bonds, no funds or property of the Borrower other than the Net Revenues may be required to be used to pay principal of or interest on the Series 2018B Bond, and no funds or property of the Borrower other than the Surplus Net Revenues may be required to be used to pay principal of or interest, if any, on the Series 2018A Bond.

ARTICLE VI

INDEMNIFICATION OF DNRC AND DEQ

The Borrower shall, to the extent permitted by law, indemnify and save harmless the DNRC and the DEQ and their officers, employees and agents (each an "Indemnified Party" or, collectively, the "Indemnified Parties") against and from any and all claims, damages, demands, expenses, liabilities and losses of every kind asserted by or on behalf of any Person arising out of the acts or omissions of the Borrower or its employees, officers, agents, contractors, subcontractors, or consultants in connection with or with regard or in any way relating to the condition, use, possession, conduct, management, planning, design, acquisition, construction, installation or financing of the 2018 Project. The Borrower shall also, to the 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 VII

ASSIGNMENT

Section 7.1 Assignment by Borrower. The Borrower may not assign its rights and obligations under the Resolution or the Series 2018 Bonds.

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

Section 7.3 State Refunding Bonds. In the event the State Bonds 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 VIII

THE SERIES 2018 BONDS

Section 8.1 Net Revenues Available. The Borrower is authorized to charge just and equitable rates, charges and rentals for all services directly or indirectly furnished by the System, and to pledge and appropriate to the Series 2001 Bond, the Series 2009B Bond, the Series 2009C Bond, the Series 2015 Bond, the Series 2017B Bond, and the Series 2018B Bond the Net Revenues (and in respect of the Series 2018A Bond, if necessary, the Surplus Net Revenues) to be derived from the operation of the System, including improvements, betterments or extensions thereof hereafter constructed or acquired. The Net Revenues to be produced by such rates, charges and rentals during the term of the Series 2018B Bond are expected to be more than sufficient to pay the principal and interest when due on the Series 2001 Bond, the Series 2009B Bond, the Series 2009C Bond, the Series 2015 Bond, the Series 2017B Bond, and the Series 2018B 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 2018A Loan are disregarded. The Borrower acknowledges and agrees that if the DNRC delivers a Noncompliance Statement to the Borrower that the obligation of the Borrower to repay the principal of the 2018A Loan is not forgiven as provided in Section 5.1.2 as determined in the sole and complete discretion of the DNRC and DEQ, then principal and interest and surcharges will become due and owing on the 2018A Loan evidenced by the Series 2018A Bond as provided in Section 5.1.2 and the Borrower shall thereupon, and no later than three months after delivery of such Noncompliance Statement, to the extent required by Section 6.8 of the 1994 Supplemental Resolution, as amended by Section 11.3 of Resolution No. 1968, adjust its schedule of fees, rates and charges applicable to the System to cause Net Revenues and Surplus Net Revenues to be produced in an amount at least equal to that required by the Resolution.

Section 8.2 Issuance and Sale of the Series 2018 Bonds. The Council has investigated the facts necessary and hereby finds, determines and declares it to be necessary and desirable for the Borrower to issue the Series 2018 Bonds to evidence the 2018 Loans. The Series 2018

Bonds are issued to the DNRC without public sale pursuant to Montana Code Annotated, Section 7-7-4433.

Section 8.3 Terms. The Series 2018A Bond and the Series 2018B Bond shall be in the maximum principal amount equal to the original 2018A Committed Amount and 2018B 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 2018A Loan and 2018B Loan, respectively. The principal of and interest on the Series 2018B Bond, and, if applicable, the principal of and interest on the Series 2018A Bond and any Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be payable on the same dates and in the same amounts on which Loan Repayments are payable. Advances of principal of the Series 2018A Bond or Series 2018B Bond shall be deemed made when advances of the 2018A Loan or 2018B Loan, respectively, are made under Section 4.1, and such advances shall be payable in accordance with Schedule B to the Series 2018B Bond, and, if applicable, the Series 2018A Bond, as it may be revised by the DNRC from time to time in accordance with Section 5.1. The Series 2018A Bond is a Subordinate Obligation payable only from the Surplus Net Revenues available in the Replacement and Depreciation Account or the Surplus Account.

The Borrower may prepay the Series 2018 Bonds, in whole or in part, only upon the terms and conditions under which it can prepay the 2018 Loans under Section 5.3.

Section 8.4 Negotiability, Transfer and Registration. The Series 2018 Bonds shall be fully registered as to both principal and interest, and shall be initially registered in the name of and payable to the DNRC, shall be dated the date of delivery. While so registered, principal of and interest on the Series 2018 Bonds shall be payable to the DNRC at the Office of the Department of Natural Resources and Conservation, 1539 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 2018 Bonds shall be negotiable, subject to the provisions for registration and transfer contained in this Section. No transfer of the Series 2018 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 2018 Bonds, and (2) the Finance Officer of the Borrower (or successors, the "Registrar"), as Bond Registrar, has duly noted the transfer on the Series 2018 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 2018 Bonds is registered as the absolute owner of the Series 2018 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 the Series 2018 Bonds to the extent of the sum or sums so paid.

Section 8.5 Execution and Delivery. The Series 2018 Bonds shall be executed on behalf of the Borrower by the manual signatures of the Mayor and the City Finance Officer. Any or all of such signatures may be affixed at or prior to the date of delivery of the Series 2018 Bonds. The Series 2018 Bonds shall be sealed with the corporate seal of the Borrower. In the event that any of the officers who shall have signed the Series 2018 Bonds shall cease to be

officers of the Borrower before the Series 2018 Bonds are issued or delivered, their signatures shall remain binding upon the Borrower. Conversely, the Series 2018 Bonds may be signed by an authorized official who did not hold such office on the date of adoption of this Supplemental Resolution. The Series 2018 Bonds shall be delivered to the DNRC, or its attorney or legal representative.

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

ARTICLE IX

SECURITY FOR THE SERIES 2018 BONDS

The Series 2018B Bond is issued as an Additional Bond under Article VI of the Original Resolution, as amended by Section 6.03 of the 1994 Supplemental Resolution and as further amended by Section 11.3 of this Supplemental Resolution, and shall, with the Series 2001 Bond, the Series 2009B Bond, the Series 2009C Bond, the Series 2015 Bond, the Series 2017B Bond, and any other Additional Bonds issued under the provisions of Article VI of the Original Resolution be equally and ratably secured by the provisions of the Resolution and payable out of the Net Revenues appropriated to the Bond Repayment Account of the Sewer System Fund, without preference or priority, all as provided in the Resolution, and secured by the General Reserve Subaccount in the Bond Repayment Reserve Account, as further provided in Section 4.05 of the Original Resolution, as amended by Section 11.3 of Resolution No. 1968. Upon advancement of principal of the Series 2018B Bond, the City Finance Officer shall transfer from proceeds of the Series 2018B Bond such amount or amounts to the General Reserve Subaccount in the Bond Repayment Reserve Account to cause the balance therein to equal the General Reserve Requirement, treating such principal amount as outstanding. Upon each advance of the Series 2018B Bond, the deposit to the General Reserve Subaccount in the Bond Repayment Reserve Account shall be sufficient to cause the balance in the Bond Repayment Reserve Account to equal the Reserve Requirement in respect of the Series 2001 Bond, the Series 2009B Bond, the Series 2009C Bond, the Series 2017B Bond, and the principal of the Series 2018B Bond so advanced. The Series 2018A Bond is a Subordinate Obligation issued under Section 6.05 of the Original Resolution, payable from the Surplus Net Revenues that are available after required credits to the Operating and Maintenance Account, the Bond Repayment Account, and the Bond Repayment Reserve Account. No payment of principal or interest shall be made on any Subordinate Bond, including the Series 2018A Bond, if the City is then in default in the payment of principal of or interest on any Bond or if there is a deficiency in the Operating and Maintenance Account or the Bond Repayment Account or the balance in the Bond Repayment Reserve Account is less than the Reserve Requirement. In the event the principal of and interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge become payable under the Series 2018A Bond, the Borrower shall cause rates and charges to be increased to produce Net Revenues at least equal to the amount required under Section 7.06 of the Original Resolution, as amended by Section 11.3 of Resolution No. 1968, within three (3) months following delivery of a Noncompliance Statement. The Borrower shall keep, perform and observe each and every one of its covenants and undertakings set forth in the Resolution for the

benefit of the registered owners from time to time of the Series 2001 Bond, the Series 2009B Bond, the Series 2009C Bond, the Series 2015 Bond, the Series 2017B Bond, and the Series 2018 Bonds.

ARTICLE X

TAX MATTERS

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

Section 10.2 General Covenant. The Borrower covenants and agrees with the owners from time to time of the Series 2018B 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 2018B 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 2018B Bond will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

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

Section 10.4 Arbitrage Rebate Exemption.

(a) The Borrower hereby represents that the Series 2018B Bond qualifies for the exception for small governmental units to the arbitrage rebate provisions contained in Section 148(f) of the Code. Specifically, the Borrower represents:

- (1) Substantially all (not less than 95%) of the proceeds of the Series 2018B 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 2018 is reasonably expected not to exceed \$5,000,000. To date in 2018, the Borrower has issued no tax-exempt bonds, and in the calendar years 2013 through 2017, the Borrower issued no tax-exempt bonds, except its Series 2015 Bond, the Series 2017B Bond, and its Storm Water Drainage System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2017.

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

Section 10.6 “Qualified Tax-Exempt Obligations.” Pursuant to Section 265(b)(3)(B)(ii) of the Code, the Borrower hereby designates the Series 2018B Bond as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code. The Borrower has not designated any obligations in 2018 other than the Series 2018B Bond under Section 265(b)(3). 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 2018 in an amount greater than \$10,000,000.

ARTICLE XI

AMENDMENT AND IMPLEMENTATION

Section 11.1 Authorization. Pursuant to the Original Resolution, the Borrower reserved the right to amend the Resolution with the written consent of the DNRC and USDA.

Section 11.2 Consent. The DNRC and USDA, which hold all Bonds now outstanding, have consented in writing to the amendments of the provisions of the Original Resolution set forth herein.

Section 11.3 Amendments. Section 6.03 of the Original Resolution is hereby amended to read as follows in its entirety (underlining indicates additions; strikethroughs, deletions):

“Section 6.03. Improvement Parity Bonds. The Borrower reserves the right to issue additional Parity Bonds payable from the Bond Repayment Account of the Fund, on a parity as to both principal and interest with the Series 1994

Bond and other Parity Bonds then outstanding, if the Net Revenues of the System for the last complete fiscal year preceding the date of issuance of such Additional Bonds have equaled to at least 110% of the maximum amount of principal and interest payable from the Bond Repayment Account in any subsequent fiscal year during the term of the outstanding Bonds, on all Bonds then outstanding and on the additional Bonds proposed to be issued. For the purpose of the foregoing computation, the Net Revenues for the fiscal year preceding the issuance of Additional Bonds shall be those shown by the financial reports caused to be prepared by the Borrower pursuant to Section 7.11 of the Resolution, except that if the rates and charges for services provided by the System have been changed since the beginning of such preceding fiscal year, then the rates and charges in effect at the time of issuance of the Additional Bonds or 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 Bond Repayment Account if the Borrower is then in default in any payment of principal of or interest on any outstanding Bonds payable therefrom or if there then exists any deficiency in the balances required by the Resolution to be maintained in any of the accounts of the Sewer Fund, which will not be cured or restored upon the issuance of the Additional Bonds. Upon the issuance of a series of Additional Parity Bonds, the Borrower shall cause the General Reserve Subaccount and the RD Bonds Reserve Subaccount in the Bond Repayment Reserve Account to be increased from the proceeds of the Additional Bonds or from Surplus Net Revenues, to an amount equal to the General Reserve Requirement and the RD Bonds Reserve Requirement, calculated after giving effect to the issuance of such Additional Parity Bonds.”

Section 11.4 Effect of Amendments. Except as amended by this Article XI, the provisions of the Original Resolution as now in effect remain unamended and the Original Resolution, as amended hereby, continues in full force and effect.

ARTICLE XII

CONTINUING DISCLOSURE

The Borrower understands and acknowledges that the DNRC is acquiring the Series 2018 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 Finance Officer 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 XIII

MISCELLANEOUS

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

DNRC: Department of Natural Resources and Conservation
1539 Eleventh Avenue
P. O. Box 201601
Helena, Montana 59620-1601
Attn: Conservation and Resource
Development Division

Trustee: U.S. Bank National Association
c/o Corporate Trust Services
1420 Fifth Avenue, 7th Floor
Seattle, Washington 98101

Borrower: City of Shelby
112 – 1st Street South
P. O. Box 743
Shelby, Montana 59474
Attn: City Finance Officer

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

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

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

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

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

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

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

Section 13.8 Payments Due on Holidays. If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Supplemental Resolution or the Series 2018 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 Supplemental Resolution or the Series 2018 Bonds.

Section 13.9 Right of Others To Perform Borrower's Covenants. In the event the Borrower shall fail to make any payment or perform any act required to be performed hereunder, then and in each such case the 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 2018 Project

or the facility or facilities of which the 2018 Project is a part or any other facility which is a part of the System in order to effectuate the purposes of this Section.

Section 13.10 Authentication of Transcript. The officers of the Borrower are hereby authorized and directed to furnish to the DNRC and to Bond Counsel certified copies of all proceedings relating to the issuance of the Series 2018 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 2018 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 13.11 Repeals and Effective Date.

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

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

Adopted by the City Council of the City of Shelby, Montana, on this 4th day of June, 2018.

Mayor

Attest: _____
City Finance Officer

(SEAL)

APPENDIX A

Description of the 2018 Project

The 2018 Project generally consists of engineering, designing, and construction improvements to the City's sanitary sewer system, including adding a new secondary cell for enhanced sanitary sewage treatment at the City's sewage treatment lagoon facility (the "4th Cell") and associated improvements and related work. The 2018 Project consists of 3 phases. Phase I, which consisted of land acquisition, engineering, mitigation, and related costs, was financed in part by the City's series 2017A Bond and Series 2017B Bond. Phase II of the 2018 Project is to be financed by the Series 2018A Bond and the Series 2018B Bonds and consists primarily of piping and earthwork related to the 4th Cell. Phase III of the 2018 Project is expected to be financed by the Series 2019A Bond and Series 2019B Bond and consists primarily of UV disinfection work and installing a liner for the 4th Cell.

Estimated Budget for Phase II and Phase III of the 2018 Project

	2018A \$100,000 Forgiven	2018B \$1,850,000 @ 30 years	2019A* \$954,000 @ 30 years	2019B* \$746,000 @ 20 years	Total:
Debt Service Reserve	-	\$ 44,007	\$ 22,875	\$ 23,913	\$ 90,795
Bond Counsel & Related costs	-	23,000	19,000	-	42,000
Engineering-Additional Services	-	134,529	134,529	-	269,058
Construction	\$100,000	1,499,450	627,656	721,894	2,949,000
Contingency	-	149,014	149,940	193	299,147
TOTAL PROJECT COSTS	\$100,000	\$1,850,000	\$954,000	\$746,000	\$3,650,000

*Projected costs only; may change as details of the 2018 Project become clearer.

APPENDIX B-1

[Form of the Series 2018A Bond]

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF TOOLE

CITY OF SHELBY

SUBORDINATE LIEN SEWER SYSTEM REVENUE BOND
(DNRC WATER POLLUTION CONTROL STATE REVOLVING LOAN PROGRAM)
TAXABLE SERIES 2018A

R-1

\$100,000

FOR VALUE RECEIVED, CITY OF SHELBY, 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 out of available Surplus Net Revenues in the Replacement and Depreciation Account or the Surplus Account of its Sewer System Fund (the "Sewer System Fund"), the sum of the principal amounts entered on Schedule A attached hereto under "Total Amount Advanced," with interest on each such amount from the date such amount is advanced hereunder at the rate of two percent (2.00%) per annum on the unpaid balance until paid, together with an Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the outstanding principal amount of this Bond from the date of each advance of principal, each at the rate of twenty-five hundredths of one percent (0.25%) per annum, all subject to the effect of the immediately following paragraph. Principal, interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be payable in semiannual installments payable on each January 1 and July 1 (each a "Payment Date") commencing with the Payment Date that is the first to occur following delivery by the DNRC to the Borrower of a statement that the Borrower's obligation to repay the principal amount of the 2018A Loan is not forgiven and ending on July 1, 2048, all as described in the Resolution (as hereinafter defined), subject to earlier redemption. Each installment shall be in the amount set forth opposite its due date in Schedule B attached hereto under "Total Loan Payment." The portion of each such payment consisting of principal, of interest, of Administrative Expense Surcharge and of Loan Loss Reserve Surcharge shall be as set forth in Schedule B attached hereto. Upon each disbursement of 2018A Loan, the DNRC shall enter (or cause to be entered) the principal amount advanced on Schedule A under "Advances" and the total amount advanced under the Resolution (as hereinafter defined), including such advance, under "Total Amount Advanced." The DNRC shall prepare Schedule B and any revised Schedule B, or cause Schedule B and any revised Schedule B to be prepared, as provided in Section 5.1 of the Resolution, and the final Schedule B will reflect repayments under Section 5.1.4 of the Resolution. Schedule B shall be calculated and recalculated on a level debt service basis assuming an interest rate of two and one-half percent (2.50%) per annum. Past-due payments of principal and interest and Administrative

Expense Surcharge and Loan Loss Reserve Surcharge shall bear interest at the rate of ten percent (10.00%) per annum, until paid. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be calculated on the basis of a 360-day year comprising 12 months of 30 days each. All payments under this 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 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 PAYMENT DATE FIRST OCCURRING AFTER DELIVERY OF A NONCOMPLIANCE STATEMENT AND INTEREST SHALL BE DEEMED TO ACCRUE ON THE PRINCIPAL OF THIS BOND FROM THE DATE OF EACH ADVANCE UNTIL DELIVERY OF SUCH A NONCOMPLIANCE STATEMENT AT THE RATE OF ZERO PERCENT (0.00%) PER ANNUM.

This Bond is one of an issue of Sewer System Revenue Bonds of the Borrower authorized to be issued in one or more series from time to time, and constitutes a series in the maximum authorized principal amount of \$100,000 (the "Series 2018A Bond"). The Series 2018A Bond is issued to finance a portion of the costs of the construction of certain improvements to the sewer system of the Borrower (the "System"). The Series 2018A Bond is issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 7, Part 44, as amended, and ordinances and resolutions duly adopted by the governing body of the Borrower, including Resolution No. 980 of the City adopted by the Council on November 2, 1984, as amended and supplemented by Resolution Nos. 1097, 1201, 1271, 1321, 1542, 1785, 1851, 1914, 1968, and _____ adopted by the Council on October 10, 1990, November 16, 1992, August 8, 1994, November 5, 2001, November 16, 2009, October 15, 2012, June 22, 2015, October 10, 2017, and June 4, 2018, respectively (as so amended and supplemented, the "Resolution"). Terms used with initial capital letters but not defined herein have the meanings given to them in the Resolution. The Series 2018A Bond is issuable only as a single, fully registered bond. The Series 2018A Bond is issued as a Subordinate Obligation payable out of available Surplus Net Revenues in the Replacement and Depreciation Account or the Surplus Account in the Fund of the Borrower. Simultaneously herewith, the Borrower is issuing its Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan

Program), Series 2018B (the "Series 2018B Bond"), which is payable from the Bond Repayment Account in the Fund of the Borrower on a parity with the Borrower's outstanding First Amended and Restated Sewer System Revenue Refunding Bond (DNRC Revolving Loan Program), Series 2001 (the "Series 2001 Bond"), Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2009B (the "Series 2009B Bond"), First Amended and Restated Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2009C (the "Series 2009C Bond"), Sewer System Revenue Bond (USDA-RD Loan Program), Series 2015 (the "Series 2015 Bond"), and Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2017B (the "Series 2017B Bond") (collectively, the "Outstanding Bonds"). Following the 2018B First Advance, the total amount of each advance on the Series 2018 Bonds will be split equally between the Series 2018A Bond and the Series 2018B Bond, until the entire amount of the Series 2018A Bond is advanced. After the Series 2018A Bond is advanced in full, all advances will be from only the Series 2018B Bond.

Reference is made to the Resolution for a more complete statement of the terms and conditions upon which the Series 2018A 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 2018A Bond.

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

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

The Borrower may deem and treat the person in whose name this Series 2018A Bond is registered as the absolute owner hereof, whether this Series 2018A Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and the Borrower shall not be affected by any notice to the contrary. The Series 2018A 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 Sewer System Fund into which the gross revenues of the System will be paid, and a separate and special Replacement and Depreciation Account and Surplus Account in that Fund, into which will be paid, subject to the prior lien thereon of the Bond Repayment Account and the Bond Repayment 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 Bond Repayment 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 the Series 2018A Bond as and when due; that Additional Bonds issued on a parity with the Series 2001 Bond, the Series 2009B Bond, the Series 2009C Bond, the Series 2015 Bond, the Series 2017B Bond, and the Series 2018B Bond (such bonds, the "Bonds") and refunding Bonds may be issued and made payable from the Bond Repayment Account on a parity with the Series 2001 Bond, the Series 2009B Bond, the Series 2009C Bond, the Series 2015 Bond, the Series 2017B Bond, the Series 2018B, and other parity Bonds, upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues of the System, unless the lien thereof shall be expressly made subordinate to the lien of the Series 2001 Bond, the Series 2009B Bond, the Series 2009C Bond, the Series 2015 Bond, the Series 2017B Bond, the Series 2018B Bond, and any Additional Bonds on such Net Revenues and such obligations are payable only from Surplus Net Revenues (as is the case with this Series 2018A Bond); that all provisions for the security of the holder of this Series 2018A 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 2018A 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 2018A Bond, premium, if any, and the interest hereon are payable solely out of available Surplus Net Revenues in the Replacement and Depreciation Account or the Surplus 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 2018A 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 Shelby, Montana, by its governing body, has caused this Bond to be executed by the signatures of its Mayor and City Finance Officer, 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 _____, 2018.

Mayor

(SEAL)

City Finance Officer

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 Finance Officer 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 outstanding principal balance of the Bond and the interest accruing thereon is registered on the books of Bond and the interest accruing thereon is registered on the books of the City of Shelby, 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
	Department of Natural Resources and Conservation 1539 Eleventh Avenue Helena, MT 59620	

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

The City Finance Officer of the City of Shelby, 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.

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

FORM OF ASSIGNMENT

For value received, the 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.

SCHEDULE B

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

[Form of the Series 2018B Bond]

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF TOOLE

CITY OF SHELBY

WATER SYSTEM REVENUE BOND
(DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM)
SERIES 2018B

R-1

\$1,850,000

FOR VALUE RECEIVED, CITY OF SHELBY, 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 from the Bond Repayment Account of its Sewer System Fund, the principal sum equal to the sum of the amounts entered on Schedule A attached hereto under "Total Amount Advanced," with interest on each such amount from the date such amount is advanced hereunder at the rate of two percent (2.00%) per annum on the unpaid balance until paid. In addition, the Borrower shall pay an Administrative Expense Surcharge and a Loan Loss Reserve Surcharge on the outstanding principal amount of this Bond, each at the rate of twenty-five hundredths of one percent (0.25%) per annum. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be payable in semiannual installments payable on each January 1 and July 1 (each a "Loan Repayment Date") commencing on January 1, 2019 and concluding on July 1, 2048. Principal shall be payable on the dates set forth in Schedule B hereto. Each installment shall be in the amount set forth opposite its due date in Schedule B attached hereto under "Total Loan Payment." The portion of each such payment consisting of principal, the portion consisting of interest, the portion consisting of Administrative Expense Surcharge, and the portion consisting of Loan Loss Reserve Surcharge shall be as set forth in Schedule B hereto. Upon each disbursement of Loan amounts to the Borrower pursuant to the Resolution described below, the DNRC shall enter (or cause to be entered) the amount advanced on Schedule A under "Advances" and the total amount advanced under the Resolution (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, and the final Schedule B will reflect repayments under Section 5.1.4 of the Resolution. Schedule B shall be calculated and recalculated on a level debt service basis assuming an interest rate of 2.50% per annum. Past-due payments of principal and interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall bear interest at the rate of ten percent (10.00%) per annum, until paid. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be calculated on the basis of a 360-day year comprising

12 months of 30 days each. All payments under this 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 Sewer System Revenue Bonds of the Borrower authorized to be issued in one or more series from time to time, and constitutes a series in the maximum authorized principal amount of \$1,850,000 (the "Series 2018B Bond"). The Series 2018B Bond is issued to finance a portion of the costs of the construction of certain improvements to the sewer system of the Borrower (the "System"), to fund deposits to the Bond Repayment Reserve Account, and to pay costs of issuance of the Series 2018B Bond. The Series 2018B Bond is issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 7, Part 44, as amended, and ordinances and resolutions duly adopted by the governing body of the Borrower, including Resolution No. 980 of the City adopted by the Council on November 2, 1984, as amended and supplemented by Resolution Nos. 1097, 1201, 1271, 1321, 1542, 1785, 1851, 1914, 1968, _____, adopted by the Council on October 10, 1990, November 16, 1992, August 8, 1994, November 5, 2001, November 16, 2009, October 15, 2012, June 22, 2015, October 10, 2017, and June 4, 2018, respectively (as so amended and supplemented, the "Resolution"). Terms used with initial capital letters but not defined herein have the meanings given them in the Resolution. The Series 2018B Bond is issuable only as a single, fully registered bond. The Series 2018B Bond is issued on a parity with the Borrower's outstanding First Amended and Restated Sewer System Revenue Refunding Bond (DNRC Revolving Loan Program), Series 2001 (the "Series 2001 Bond"), Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2009B (the "Series 2009B Bond"), First Amended and Restated Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2009C (the "Series 2009C Bond"), Sewer System Revenue Bond (USDA-RD Loan Program), Series 2015 (the "Series 2015 Bond"), and Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2017B (the "Series 2017B Bond"). Simultaneously herewith, the Borrower is issuing its Subordinate Lien Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Taxable Series 2018A (the "Series 2018A Bond"). The 2018B First Advance has been advanced at Closing. Following the 2018B First Advance, the total amount of each advance on the Series 2018 Bonds will be split equally between the Series 2018A Bond and the Series 2018B Bond, until the entire amount of the Series 2018A Bond is advanced. After the Series 2018A Bond is advanced in full, all advances will be from only the Series 2018B Bond.

Reference is made to the Resolution for a more complete statement of the terms and conditions upon which the Series 2018B 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 2001 Bond, the Series 2009B Bond, the Series 2009C Bond, the Series 2015 Bond, the Series 2017B Bond, and the Series 2018B Bond and any other Additional Bond (collectively, the "Bonds") or otherwise, the conditions upon which the Resolution may be amended, the rights, duties and obligations of the Borrower, and the rights of the owners of the Series 2018B Bond.

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

The Series 2018B Bond, 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 or statutory limitation or provision.

This Series 2018B 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.

The Borrower may deem and treat the person in whose name this Series 2018B Bond is registered as the absolute owner hereof, whether this Series 2018B Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and the Borrower shall not be affected by any notice to the contrary. The Series 2018B 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 Sewer System Fund into which the Gross Revenues of the System will be paid, and a separate and special Bond Repayment 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 to become due within the next six months and one-twelfth of the principal to become due within the next twelve months with respect to all Bonds payable semiannually from that Account and an amount equal to the next installment of principal and interest with respect to all Bonds payable monthly from that Account; that the Borrower has created a General Reserve Subaccount in the Bond Repayment Reserve Account in such fund into which shall be paid additional Net Revenues, after required credits to the Bond Repayment Account sufficient to maintain a reserve therein equal to the General Reserve Requirement on all such Bonds that are not RD Bonds; that the Bond Repayment 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 provide Gross Revenues adequate to pay promptly the reasonable and current expenses of operating and maintaining the System and to produce in each fiscal year Net Revenues in excess of such current expenses, equal to 110% of the maximum amount of principal and interest payable from the Bond Repayment Account in any subsequent fiscal year; that Additional Bonds and refunding Bonds may be issued and made payable from the Bond Repayment Account on a parity with the Series 2001 Bond, the Series 2009B Bond, the Series 2009C Bond, the Series 2015, the Series 2017B Bond, the Series 2018B Bond, and other parity Bonds, upon certain conditions set forth in the

Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues of the System, unless the lien thereof shall be expressly made subordinate to the lien of the Series 2001 Bond, the Series 2009B Bond, the Series 2009C Bond, the Series 2015 Bond, the Series 2017B Bond, the Series 2018B Bond, and Additional Bonds on such Net Revenues; that all provisions for the security of the holder of this Series 2018B Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the ordinances and resolutions of the Borrower to be done, to exist, to happen and to be performed in order to make this Series 2018B Bond a valid and binding special obligation of the Borrower according to its terms have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required; and that this Series 2018B Bond and the interest hereon are payable solely from the Net Revenues of the System pledged and appropriated to the Bond Repayment Account and do not constitute a debt of the Borrower within the meaning of any constitutional or statutory limitation or provision and the issuance of the Series 2018B Bond does not cause either the general or the special indebtedness of the Borrower to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City of Shelby, Montana, by its governing body, has caused this Bond to be executed by the signatures of the Mayor and the City Finance Officer, 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 _____, 2018.

(SEAL)

Mayor

City Finance Officer

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 Finance Officer 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 Shelby, 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
	Department of Natural Resources and Conservation 1539 Eleventh Avenue Helena, MT 59620	

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

The City Finance Officer of the City of Shelby, 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, this Bond is hereby transferred and assigned by the undersigned holder, without recourse,
to _____ on this ____ day
of _____, _____.

By: _____
(Authorized Signature)

For: _____
(Holder)

SCHEDULE B

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

APPENDIX C

ADDITIONAL REPRESENTATIONS AND COVENANTS

None

APPENDIX D

\$1,950,000
Sewer System Revenue Bonds
(DNRC Water Pollution Control State Revolving Loan Program)
Consisting of \$100,000 Subordinate Lien Taxable Series 2018A Bond
and \$1,850,000 Series 2018B Bond
City of Shelby, Montana

COMPLIANCE CERTIFICATE AND REQUEST

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

1. Pursuant to Resolution No. 980 of the City adopted by the Council on November 2, 1984, as amended and supplemented by Resolution Nos. 1097, 1201, 1271, 1321, 1542, 1785, 1851, 1914, and 1968, adopted by the Council on October 10, 1990, November 16, 1992, August 8, 1994, November 5, 2001, November 16, 2009, October 15, 2012, June 22, 2015, and October 10, 2017, respectively (the "Original Resolution"), as further amended and supplemented by Resolution No. _____, adopted June 4, 2018, entitled "Resolution Relating to \$1,950,000 Sewer System Revenue Bonds (DNRC Water Pollution Control State Revolving Loan Program), Consisting of \$100,000 Subordinate Lien, Taxable Series 2018A Bond and \$1,850,000 Series 2018B Bond; Authorizing the Issuance and Fixing the Terms and Conditions Thereof" (the "Supplemental Resolution"), the Borrower issued its Subordinate Lien Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Taxable Series 2018A, dated, as originally issued, as of [_____], 2018, in the maximum aggregate principal amount of \$100,000 (the "Series 2018A Bond") and its Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2018B, dated, as originally issued, as of [_____], 2018, in the maximum aggregate principal amount of \$1,850,000 (the "Series 2018B Bond"). The Borrower has reviewed the Supplemental Resolution. The Borrower acknowledges and agrees that the Series 2018A Bond evidences a loan made to the Borrower from the DNRC from funds made available to the DNRC from the EPA Capitalization Grant, and that this Certificate is being relied upon by the DNRC for ensuring compliance with requirements applicable to the Borrower, the DNRC, and the 2018 Project (as hereinafter defined). Capitalized terms used herein without definition shall have the meanings given them in the Original Resolution or the Supplemental Resolution.

2. The Series 2018A Bond is issued to finance a portion of the costs of acquisition or construction and installation of various improvements to the System, generally described as the 2018 Project (the "2018 Project") in the Supplemental Resolution. Construction of the 2018 Project has complied with all federal and state standards, including, without limitation, EPA regulations and standards. The 2018 Project is expected to be completed and placed in service on or about _____, 20__.

3. Costs of the 2018 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 2018A Committed Amount not advanced or to be advanced upon delivery hereof. The Borrower specifically confirms and agrees that any remaining amounts of the 2018 Loans to be lent to the Borrower, if any, shall be evidenced by the Series 2018B Bond.

4. As of the date hereof, the Borrower has spent the following amounts in connection with the 2018 Project and costs related thereto:

Debt Service Reserve
Bond Counsel & Related costs
Engineering-Additional Services
Construction
Contingency _____
TOTAL PROJECT COSTS _____

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

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

6. The representations of the Borrower contained in Articles II and III of the Supplemental 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 2018 Project have been and will be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the United States Secretary of Labor in accordance with Subchapter IV of Chapter 31 of Title 40, United States Code, and that the iron and steel products used in the 2018 Project comply with the "American Iron and Steel" requirements of Section 436 of the Consolidated Appropriations Act of 2016 (P.L. 113-76), as those requirements are further interpreted by applicable EPA guidance.

9. The Borrower acknowledges and agrees that this Certificate completed by the Borrower in form satisfactory to the DNRC must be executed and delivered to the DNRC by the date that is 30 days after receipt of the form of this Certificate from the DNRC. By submitting this Certificate, the Borrower requests that the DNRC forgive the obligation of the Borrower to repay the principal of the Series 2018A 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 2018A Bond by the DNRC is contingent on the timely delivery of this Certificate by the Borrower in satisfactory form as determined in the DNRC's sole and complete discretion, (ii) the DNRC has no obligation to grant such forgiveness; and (iii) if the DNRC delivers to the Borrower a Noncompliance Certificate (a) the obligation of the Borrower to repay the principal of the Series 2018A Bond plus interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge thereon shall continue in full force and effect until the principal of the Series 2018A Bond advanced and interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge thereon are paid in full, as set forth in Schedule B delivered pursuant to paragraph 5 above, and as provided in the Series 2018A Bond and the Supplemental Resolution, and (b) the Borrower shall, as necessary, within the 3-month period specified in the Supplemental Resolution, adjust its rates and charges to produce Net Revenues and Surplus Net Revenues required by the rate covenant in the Original Resolution, as amended by Resolution No. 1968.

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

CITY OF SHELBY, MONTANA

(SEAL)

By _____
Mayor

By _____
City Finance Officer

CITY OF SHELBY

PAYROLL EXPENSE BY DEPARTMENT - 5/2018 (3 paydays)

CITY HALL	33,997.20
ELECTED OFFICIALS (Mayor & Council)	9,326.97
PARK & RECREATION	13,555.59
PUBLIC WORKS	94,504.83
VOLUNTEERS (Animal Shelter & Firemen)	143.01
- Workers Comp expense only	
TOTAL PAYROLL EXPENSE	\$ 151,527.60

Payroll, Reports, Payroll Register, Preview, Pay Date: whole month, Select a Group: Yes, check Select by Dept box, uncheck Skip Volunteers box, double click by individual department, Sequence: Dept/Emp, Enter Total Payroll Expense (Gross Pay + Employer Contributions) above

City of Shelby Contract Work

	1000	5210	5310	5410		Total
	General Fund	Water Fund	Sewer Fund	Solid Waste		
Hermance - Signs	\$ 3,000.00					\$ 3,000.00
Law Enforcement	\$ 412,440.00					\$ 412,440.00
24/7 dispatching		\$ 58,920.00	\$ 58,920.00	\$ 58,920.00		\$ 176,760.00
Legal	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00		\$ 60,000.00
Audit	\$ 4,625.00	\$ 4,625.00	\$ 4,625.00	\$ 4,625.00		\$ 18,500.00
CT Cleaning	\$ 11,880.00	\$ 840.00	\$ 840.00	\$ 840.00		\$ 14,400.00
Morrison Maierle	\$ 3,389.88	\$ 1,770.00	\$ 1,770.12	\$ 1,770.12		\$ 8,700.12
Yeagley	\$ 9,600.00					\$ 9,600.00
Damschen				\$ 8,100.00		\$ 8,100.00
Tri City Interlocal	\$ 15,000.00	\$ 7,500.00	\$ 7,500.00			\$ 30,000.00
Northern Transit	\$ 5,000.00					\$ 5,000.00
Black Mountain	\$ 6,348.00	\$ 3,872.01	\$ 3,871.99	\$ 3,872.00		\$ 17,964.00
Total	\$ 486,282.88	\$ 92,527.01	\$ 92,527.11	\$ 93,127.12		\$ 764,464.12

Superintendent's Report

Water:

The crew Flushed the water pumps at the river, and Clearwater tank, and line to town. We also flushed all the fire hydrants in town.

We had the pump go down at the Humic booster Station.

Parks:

The crew has been mowing parks. They got behind this last week with a short week and rain.

Streets:

We did some durapatching around town.

Pool:

The pool will be open on June 4. The windows are in and look really good.

Landfill:

The garbage truck has had some issues with the DEF system.

CITY OF SHELBY

112 First Street South
Shelby, MT 59474
Telephone: (406) 434-5222
FAX: (406) 434-2039
www.shelbymt.com



Mayor: Gary McDermott
Council: Luke Casey, Deb Clark, Aaron Heaton,
Lyle Kimmet, Bill Moritz, Trent Tustian
Animal Control: Mark Warila
Attorney: William E. Hunt, Jr.
Building Inspector: Rob Tasker
Community Development: Lorette Carter
Finance Officer: Jade Goroski
Judge: Joe Rapkoch
Superintendent: Loren Skartved

Becky Anseth, Program Manager
Montana Department of Commerce
301 South Park
Helena MT 59620-0523

RE: Continuation Letter

Dear Ms. Anseth,

The City of Shelby is submitting this Continuation Letter as a formal request to be included in the Governor's Budget for the 2021 biennium.

As requested, we have included an updated budget and implementation schedule for our proposed water project, which has not changed since the original application was awarded in May 2017.

Please contact the City of Shelby if you have any questions.
Regards,

Gary McDermott, Mayor
City of Shelby

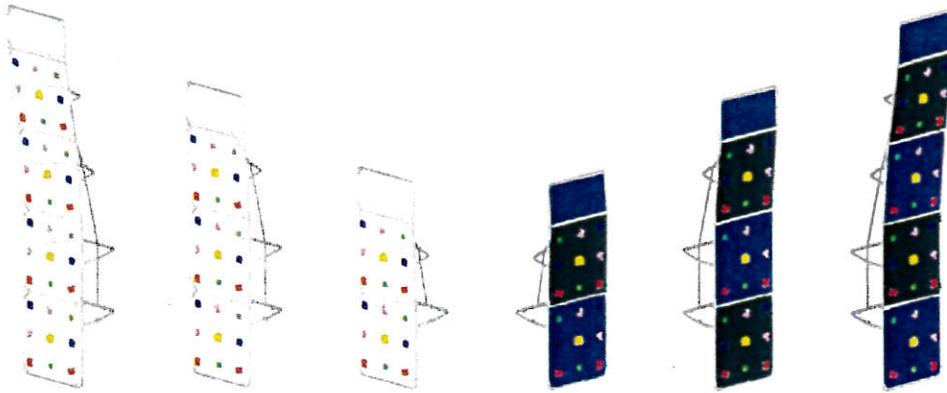
cc: Andy Evenson, KLJ Engineering



KERSPLASH PACKAGE INCLUDES: Kersplash panels, Top Guard Panel, Stainless Steel Structure, Groperz™ Hand Holds with stainless steel mounting hardware, Kersplash Rules & Guidelines Sign and Safety, Care and Maintenance Instructions.

CHOOSE 16', 12' OR 8' HIGH SECTIONS. Top Guard panel included.

KERSPLASH IS AVAILABLE IN TWO STYLES: CRYSTAL CLEAR® AND COLOR.



ITEM NUMBER	PANEL STYLE	HEIGHT	WIDTHS			
			1 SECTION 4' WIDE	2 SECTIONS 8' WIDE	3 SECTIONS 12' WIDE	4 SECTIONS 16' WIDE
70535	Crystal Clear	8'	\$6,796	\$13,592	\$20,388	\$27,184
70536	Crystal Clear	12'	\$8,398	\$16,796	\$25,194	\$33,592
70537	Crystal Clear	16'	\$10,380	\$20,760	\$31,140	\$41,520
42637	Color	8'	\$6,395	\$12,790	\$19,185	\$25,580
42638	Color	12'	\$7,613	\$15,226	\$22,839	\$30,452
42639	Color	16'	\$9,392	\$18,784	\$28,176	\$37,568
163176	Crystal Clear (Removable Bottom Panel)	12'	\$9,830	\$19,660	\$29,490	\$39,320

May 21, 2018

To Whom It May Concern,

I, TJ Wanken, offer the City of Shelby \$5000 for fire truck F52. This truck would benefit our farm by having a truck on standby at all times. It would also lighten the burden on our local fire department by hopefully eliminating any fire calls in our area.

Thank you!

TJ Wanken

CITY OF SHELBY FACILITY USE AGREEMENT

THIS FACILITY USE AGREEMENT, made and entered into this _____ day of _____, 20____, by and between the following:

THE CITY OF SHELBY, a Montana municipal corporation, 112 1st St S, Shelby, Montana 59474, hereinafter designated as CITY,

and

_____, Phone # _____

WITNESSETH;

WHEREAS, the CITY owns a certain premises which are suitable for the LESSEE; and

WHEREAS, the LESSEE purpose for use is _____; and

WHEREAS, the CITY desires to allow use of certain city premises, as described below, to the LESSEE.

NOW, THEREFORE, in consideration of the use by the LESSEE of the same premises, the mutual covenants, promises and representations herein made, the Parties agree as follows:

1. **TERM DATES:** _____ to _____
DAYS OF WEEK: _____
TIME PERIOD EACH DAY: _____
2. **PREMISES:** Building Name &/or Area: _____
Address: _____
3. **USE:** Said premises shall be used exclusively by the LESSEE during the above period except when the CITY and LESSEE can coordinate and schedule events that will not interfere with the LESSEE'S uses. Such uses shall be submitted to the City Council in writing for approval at least fourteen (14) days prior to the proposed event. Approval or disapproval of the proposed use shall be the responsibility of the City Council.
4. **EXAMINATION:** LESSEE shall carefully examine the premises and all of its facilities and equipment, know the conditions thereof, agree to accept the same in the condition which they are now, and agree to return the same in their present condition except for ordinary and reasonable wear and tear, damage by the elements, and damages whereof the CITY is compensated by insurance or otherwise.
5. **CONSIDERATION:** The consideration from LESSEE to the CITY shall be as follows:

___ \$100 Key Deposit Paid Cash ___/Check # _____	Date: _____
___ \$ _____ Cleaning Deposit Paid	Date: _____
___ City Supt approves issue of key (Shel-cole bathrooms)	Date: _____
___ Water is turned on to facility/area	
___ City Superintendent inspects facility/area	Date: _____
___ Key Collected and Deposit \$ RETURNED	Date: _____
___ Key Collected and Deposit \$ KEPT	Date: _____

LESSEE shall clean up and deposit all trash and litter from the premises. Clean the restrooms as often as needed to provide clean, sanitary restrooms for public use. The CITY will empty the dumpsters serving the complex.
6. **IMPROVEMENTS:** Any improvements made by LESSEE to the area covered by this AGREEMENT shall become the property of the CITY unless otherwise stipulated in the

FACILITY USE AGREEMENT
PAGE 2 OF 4

terms of this AGREEMENT.

7. **ASSIGNMENT:** This AGREEMENT is not assignable by the LESSEE in whole or in part without the prior written approval of the City Administrator for the City of Shelby.
8. **NON-DISCRIMINATION:** The undersigned, either as an individual or on behalf of a group or organization, hereby agrees that this facility shall not be used in any manner that would discriminate against any person or persons on the basis of sex, marital status, age, physical or mental handicap, race, creed, religion, color, or national origin.
9. **INDEMNIFICATION / INSURANCE:** The LESSEE shall indemnify the CITY and hold it harmless from and against all claims, damages, losses and expenses arising out of or resulting from the LESSEE'S negligent acts or omissions or those of a sub-contractor, agent or anyone directly or indirectly employed by the SSA.

The LESSEE shall carry minimum liability insurance in the amount of **Seven Hundred and Fifty Thousand and No/100 Dollars (\$750,000) for each accident, and One Million Five Hundred Thousand and no/100 Dollars (\$1,500,000) aggregate (MCA Section 2-9-108(1)(1997)).** The LESSEE shall provide the City a Certificate of Insurance made out to the City of Shelby and naming the City of Shelby as an additional Insured party.

10. **RIGHT OF INSPECTION:** The CITY shall have the right to inspect the premises at all times during the term of this Lease. Items not meeting the terms of this lease will be called to the attention of the LESSEE.
11. **CONCESSION STAND:** The concession stand shall meet all City Health, Fire and Building Codes.
12. **BREACH:** Should this Agreement be violated, a notice thereof in writing shall be issued; and if said breach is not corrected within seven (7) working days of said notice, this Agreement may be terminated at the option of the Party wronged without further notice. This clause shall not necessitate the termination of this Agreement, nor shall it prevent the issuance of any other remedy at law or in equity.
13. **ATTORNEY'S FEES AND COSTS:** In the event it becomes necessary for either Party to this Agreement to retain an attorney to enforce any of the terms or conditions of the Agreement, then the prevailing Party shall be entitled to a reasonable attorney's fee and costs.
14. **AMENDMENTS AND MODIFICATION:** The Parties hereby agree that any amendments or modifications to this Agreement or any provisions herein shall be made in writing and executed in the same manner as the original document and shall, after execution, become a part of this Agreement.

FACILITY USE AGREEMENT
PAGE 3 OF 4

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement this _____
day of _____, 20__.

OWNER:

CITY OF SHELBY,
a Montana Municipal Corporation

By: _____
Gary McDermott, Mayor

ATTEST:

By: _____

ORGANIZATION:

LESSEE

By: _____
Title: _____

**FACILITY USE AGREEMENT
PAGE 4 OF 4****Special Events Liability Coverage****Instructions for obtaining coverage:**

- 1) City/Town receives a request to use public property and provides the applicant the city's permit/agreement requirements.
- 2) Refer the event holder to a list of local agents. Go to www.mia.com, click on Liability and then Special Events.
- 3) The event holder contacts an agent, completes an application and pays the premium. The holder must allow a minimum of 5 business days prior to the event for coverage to be offered.
- 4) When the event is covered, a certificate of insurance with a \$1,000,000 limit will be issued naming the municipality as an additional insured.

It's that easy!

For questions, contact the MMIA at 1-800-635-3089.





Civic Center
669 Park Ave
434-5114

Swimming Pool
121 12th Ave N
434-5311

www.shelbymt.com

CIVIC CENTER/SWIMMING POOL RENTAL AGREEMENT

Name: _____

Building:

Address: _____

Civic Center _____

Phone: _____

Swim Pool _____

Date & Time Requested:

From: _____
Date

_____ Time

To: _____
Date

_____ Time

Purpose or Function:

Rental Fees:

_____ Amount

_____ Date Paid

Number Expected To Attend Function: _____

Floor Covering Required (civic center only):

Yes: _____

No: _____

Cleaning Requirements Reviewed:

Yes: _____

No: _____

I agree to comply with all City of Shelby requirements for rental and usage of this building.

Renter Signature

Date

Rental Approved:

City Representative

Date

STEVE DAINES
MONTANA

320 HART SENATE OFFICE BUILDING
WASHINGTON, DC 20510
(202) 224-2651

United States Senate

COMMITTEES
AGRICULTURE, NUTRITION AND
FORESTRY
APPROPRIATIONS
ENERGY AND NATURAL
RESOURCES
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
INDIAN AFFAIRS

May 18, 2018

Mr. Gary McDermott
Mayor
City of Shelby
112 1st St S
Shelby, Montana 59474

Dear Mr. McDermott,

Thank you for contacting me to express your opposition to the removal of ticket agents from the Havre and Shelby Amtrak stations. I value your point of view and you will be pleased to know that we agree on this important issue.

As you know, Amtrak recently announced that they would be removing ticket agents from the Havre and Shelby stations on June 1st and June 3rd, respectively. I share your concerns about how these changes will impact the local communities and expressed my opposition to the changes to Amtrak leadership at a recent Transportation, Housing and Urban Development subcommittee hearing. In many cases, the Empire Builder is the only access our Hi-Line communities have to the national transportation network and I will continue fighting to ensure rural Montanans remain connected.

Again, thanks for contacting me. It is my number one priority in the Senate to represent the values and interests of the people of Montana, and your input is very helpful as I do. I invite you to visit my website, www.daines.senate.gov, for updates about activities in Washington that affect our lives in Montana or to contact me. I look forward to hearing from you again in the future.

Sincerely,



Steve Daines
United States Senator

SD/cs

City of Shelby
112 1st St S
Shelby, Mt 59474
434-5222 434-2039

DOG BITE STATEMENT FORM

Date of Bite: 5-19-18 Time: APPR. 8 AM

Victim's Name MALCOLM JOHNSON (SUSAN) Age 79

Parent of Guardian Name if Victim is a minor: _____

Victim's Address: 855 Hill Av Phone: 424-2326
406 450-0017

Address or Approximate Location where Bite occurred: _____
965 Hill st.

Description of Dog: Brown mastiff looking dog

Address of where Dog lives (If known): _____

What part of body was bitten: Right forearm

What was victim doing when bitten: Walking down sidewalk

Did victim receive medical attention (If yes, Where)? MMC Yes No

Other comments: Two females & 2 dogs were coming out of their house, when the mastiff dog ran over and attacked & bit Malcolm on the arm.

Susan Johnson Date 5-19-18
Signature of Person Reporting Bite

Malcolm Johnson Date 5-19-18
Signature of Person Taking Report

Signature of Person Investigation Report Date _____

Copy: Mayor
City Superintendent
Toole County Health Nurse
Animal Control Officer's File

NOTICE TO APPEAR AND COMPLAINT

ISSUED BY SHELBY ANIMAL CONTROL DEPARTMENT

CITY OF SHELBY

vs.

Brooke DAGER

The defendant is hereby given notice to appear in City Court at 226 1st ST S, Shelby, MT, On a Wed. or Thurs. before the 31st of May, 2018 at the hour of 9:00 a.m., to answer this charge.

On this 21st day of May, 2018, this complaint was presented to me and the officer, under oath, swore that the charges are true.

Signature of Judge

Defendant's Name

Brooke DAGER
First Middle Last
965 Hill st Shelby, MT
Address

THE ABOVE DEFENDANT'S DOG IS CHARGED WITH VIOLATING SHELBY MUNICIPAL CODE SECTION 6.5.1

NUISANCE ANIMAL

The defendant is the owner of a dog, described as follows:

English Mastiff
bearing dog license or tag number NONE and the defendant's dog did on or about the 19th day of May, 2018, within the corporate limits of the City of Shelby, County of Toole, State of Montana, namely at (location)

in front of 965 Hill st

Commit the following offense(s):

Aggressively went after and bit a person on the arm, broke the person's skin
in violation of Shelby Municipal Code of the City of Shelby, all of which is contrary to the form, and against the peace and dignity of the City of Shelby. The undersigned further states that he/she has just and reasonable grounds to believe, and does believe, that the animal named above committed the offense herein set forth, and prays that such animal may be dealt with according to law.

[Signature]

Signature of Animal Control Officer

Disposition of Citation:

Signature of Judge

1191

Docket
Number

Judge - original & 1 copy
City Hall - 1 copy
Defendant - 1 copy



Lorette Carter
Community Development
112 1st Street South
Shelby, MT 59474
(406) 424-8799
(406) 450-4067
Fax: (406) 424-8413
www.shelbymt.com

May 22, 2018

Steve & Tracy Williamson
300 Main Street
Shelby, MT 59474

Re: Shelby Swimming Pool Play Fund

Dear Steve & Tracy,

The City of Shelby is continually seeking improvements to our public facilities, especially the Shelby Swimming Pool & Splash Park which is enjoyed by hundreds of children and families each summer. Through our "Fund the Fun" campaign we were able to complete the Splash Park, thanks to the generosity of businesses and families like yours. We are now concentrating our efforts on the swimming pool. Over the years, the city has had to remove the aging and dangerous diving boards, leaving kids no play structures within the pool. We have been researching play equipment that our insurance carrier has approved for installation. These include a pool climbing wall and miniature zip line that will bring hours of fun and exercise to our kids.

As you know, city finances are strained and expenses such as these are hard to justify in relation to public infrastructure demands. I am asking if you might consider the Shelby Swimming Pool Play Fund for your charitable giving. The funding goal is \$15,000. You and your company will be recognized in the media throughout the campaign including the Shelby Promoter, City of Shelby Facebook page and city newsletter, as well as a recognition plaque in the pool.

I sincerely hope you might be able to contribute to the Shelby Swimming Pool Play Fund. Thank you always for your commitment to Shelby and our children.

Sincerely,

Lorette Carter, Community Development Director
City of Shelby

Cc: Shelby City Council

Shelby Swimming Pool Play Fund ~ 2018

Letters requesting support were sent to the following:

1. Steve & Tracy Williamson
2. Town Pump
3. Bear Paw Credit Union
4. BTI
5. DII
6. CCA
7. Lee Law
8. Marias Veterinary Clinic
9. First State Bank
10. Leavitt Group
11. Asper Funeral Home
12. All Seasons
13. Best Western Shelby Inn & Suites
14. NaturEner
15. CHS Inc.
16. Northern Montana Eye Care
17. Hi Line Redi-Mix
18. Mark's Tire
19. McDermott Accounting/MCR
20. Simons Petroleum