**RESOLUTION NO. 1895**

**RESOLUTION RELATING TO PRELIMINARY ITEMS FOR THE ESTABLISHMENT OF A STORM SEWER SPECIAL REVENUE FUND, STORM SEWER IMPROVEMENT PROJECT, PRELIMINARILY PROVIDING FOR THE ISSUANCE OF STORM SEWER REVENUE BONDS, AND CALLING FOR A PUBLIC HEARING WITH RESPECT THERETO**

WHEREAS, Montana Code Annotated, Title 7 Chapter 13, Part 43, as amended (the “Municipal Sewerage Act”) provides that a municipality such as the City of Shelby (the “City”) may establish and provide for the funding of a storm sewerage system (the “Storm Sewer System”);

WHEREAS, Montana Code Annotated, Title 7, Chapter 7, Part 44, as amended (the “Revenue Bond Act”), authorizes the City to issue notes in anticipation of receipt of a grant or a loan from a third party; and

WHEREAS, the City has been contemplating the construction, installation and equipping of storm sewer improvements in the City and has held multiple informational items on prior City Council agendas in the last twelve months;

WHEREAS, the City’s civil engineers, Kadrmas Lee & Jackson (the “Engineer”) has prepared preliminary plans for the construction of an storm sewer improvements in the City (the “Improvements”) that would be the first phase of a Storm Sewer System in the City;

WHEREAS, the City has also engaged Raftelis Financial Consultants, Inc. (“Raftelis”) in order to assist the City in designing a system of fees and assessments for the Storm Sewer System that are fair and equitable to residents and also manageable for City staff to administer now and in the future;

WHEREAS, the City has also engaged the services of Piper Jaffray & Co. (“Piper Jaffray”), to assist the City, as underwriter, in the possible issuance of storm sewer revenue bonds (the “Series 2014 Bonds”), in an estimated amount of approximately $6,500,000, under the provisions of the Revenue Bond Act in order to pay for (i) the cost of the installation, construction, and equipping of the Improvements for the establishment of the Storm Sewer System; (ii) necessary capitalized interest on the Series 2014 Bonds; (iii) reserves for the Series 2014 Bonds and beginning operating funds for the Storm Sewer System; and (iii) costs of issuance for the Series 2014 Bonds;

WHEREAS, the City has previously determined to undertake the Improvements for the establishment of the Storm Sewer System;

NOW THEREFORE, BE IT RESOLVED by the City Council (the “City Council”) of the City of Shelby, Montana (the “City”), as follows:

1. Issuance of the Series 2014 Bonds by the City for the purposes described herein is preliminarily approved. The engagement of Piper Jaffray as underwriter for the Series 2014 Bonds, if issued by the City in the future, is hereby approved.
2. The law firm of Barnes & Thornburg LLP is authorized to assist the City Attorney in the drafting of all necessary documents and resolutions for the establishment of the Storm Sewer System, the ordering of the Improvements, and the setting of fees and assessments relating to the Storm Sewer System, the Improvements, and the proposed Series 2014 Bonds. Barnes & Thornburg LL is also engaged to act as as bond counsel and disclosure counsel for the City, and to assist in the preparation and review of the official statement and other necessary legal documents, certificates and instruments relating to issuance of the Series 2014 Bonds.
3. The Mayor, the City Finance Officer and other City staff members, in cooperation with the City Attorney, the Engineer, Barnes & Thornburg LLP, Piper Jaffray, and Raftelis are hereby authorized and directed to prepare on behalf of the City all necessary documents relating to the Improvements, the establishment of the Storm Sewer System, and the Series 2014 Bonds.
4. On Monday, August 18, 2014, at the regular meeting of this City Council at 7:30 O’Clock P.M. at Shelby City Hall, the City Council will hold a public hearing with respect to (i) the construction of the Improvements and the proposed establishment of the Storm Sewer System; (ii) the proposed storm sewer fees and assessments for fiscal year 2015 for the annual cost of establishing the Storm Sewer System and funding initial operating costs upon all parcels/lots in the City; and (iii) the proposed issuance of the Series 2014 Bonds under the Revenue Bond Act. When and if issued by the City, the proposed Series 2014 Bonds would be special, limited obligations of the City payable solely from the revenues of the Storm Sewer System and the Series 2014 Bonds would not be a general obligation of the City and would not be payable from the full faith and credit or taxing power of the City. The Mayor and Barnes & Thornburg LLP are hereby authorized to publish/post notice of the public hearing in conformance with Montana Code Annotated, Section 7-1-4127 with respect to the items discussed in this paragraph 4 in the official newspaper of the City, post the notice in City Hall, and post such notice on the website of the City.
5. Other than (i) expenditures to be paid or reimbursed from sources other than the Series 2014 Bonds, (ii) expenditures permitted to be reimbursed under the transitional provision contained in Section l.150-(j)(2) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1. 150-2(f)(2) of the Regulations, or (iv) expenditures in a “de minimus” amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures for the Project has heretofore been paid by the City and no expenditures for the Improvements will be paid by the City until after the date of this Resolution. The City reasonably expects to reimburse some or all of the expenditures made for costs of the Improvements out of the proceeds of the Series 2014 Bonds after the date of payment of all or a portion of the costs of the Project. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the Series 2014 Bonds or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations.
6. This resolution shall be effective immediately upon its final adoption.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF SHELBY, MONTANA, AND APPROVED BY THE MAYOR THIS 4TH DAY OF AUGUST, 2014.

LARRY J. BONDERUD, MAYOR

ATTEST:

TAMMY PEDERSON, DEPUTY CLERK

**RESOLUTION NO. 1895**

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Shelby, Montana (the “City”), certify that the attached resolution is a true copy of a Resolution entitled: “RESOLUTION RELATING TO PRELIMINARY ITEMS FOR THE ESTABLISHMENT OF A STORM SEWER SPECIAL REVENUE FUND, STORM SEWER IMPROVEMENT PROJECT, PRELIMINARILY PROVIDING FOR THE ISSUANCE OF STORM SEWER REVENUE BONDS, AND CALLING FOR A PUBLIC HEARING WITH RESPECT THERETO” (the “Resolution) on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City at a regular meeting on August 4,2014, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following

City Council members voted in favor thereof:

voted against the same:

abstained from voting thereon:

or were

absent: