

RESOLUTION NO. 9216

RESOLUTION RELATING TO THE CITY WATER AND SANITARY SEWERAGE SYSTEM REVENUE SYSTEMS AND BONDS; AUTHORIZING THE ISSUANCE OF SEPARATE SERIES OF WATER SYSTEM AND SANITARY SEWERAGE SYSTEM REVENUE REFUNDING BONDS TO REFUND ALL OUTSTANDING WATER AND SEWERAGE SYSTEM BONDS

BE IT RESOLVED by the City Commission (the “Commission”) of the City of Great Falls, Montana (the “City”), as follows:

Section 1. Recitals and Determinations.

1.01 Authorization. The City is authorized pursuant to Title 7, Chapter 13, Part 43, Montana Code Annotated, to establish, operate and maintain a water system and sanitary sewerage system or a combined system. The City is authorized pursuant to Title 7, Chapter 7, Parts 44 and 45, Montana Code Annotated, as amended (the “Act”) to issue its revenue bonds to finance in whole or in part the cost of the acquisition, purchase, construction, reconstruction, improvement, betterment or extension of its water and sanitary sewerage system facilities. Pursuant to the Act and Ordinance No. 1822 of the City, in 1972 the City determined that in order to enhance the marketability of its revenue bonds for its water and sanitary sewerage systems that it was necessary and desirable to combine its water and sanitary sewerage systems into a single undertaking. Pursuant to Ordinance No. 1822, as amended and supplemented from time to time (the “Original Ordinance”), the City has issued and currently has outstanding the following bonds: its Water and Sanitary Sewerage System Revenue Bonds, Series 1992 (the “Series 1992 Bonds”), its Water and Sanitary Sewerage System Revenue Bonds, Series 1996 (the “Series 1996 Bonds”) and its Water and Sanitary Sewerage System Revenue Bond (DNRC Drinking Water Revolving Loan Program), Series 2000 (the “Series 2000 Bond”) (collectively, the “Outstanding Bonds”). The Series 1992 Bonds, the Series 1996 Bonds and the Series 2000 Bond are payable from the Net Revenues of the City Water and Sanitary Sewerage System.

1.02 Determination to Separate the Systems. The City hereby determines that it is no longer necessary in order to market revenue bonds issued to finance improvements for either the water system or sanitary sewerage system to treat the systems as a single undertaking. Further, the City determines that it is in the best interest of the customers served by its water and sanitary sewerage systems to separate and account for the systems separately. The City further determines it is necessary and desirable to proceed to refund all of the Series 1992 Bonds and the Series 1996 Bonds and terminate the provisions of the Original Ordinance by issuing a separate series of water system refunding bonds and a separate series of sanitary sewerage system bonds, each of which would be payable from and secured by the net revenues of a separate water system (the “Water System”) and a separate sanitary sewerage system (the “Sanitary Sewerage System”), and to amend the Series 2000 Bond so that it is secured only by the net revenues of the Water System.

1.03 Allocation of Outstanding Bonds. The Series 1992 Bonds and the Series 1996 Bonds are publicly held. The Series 2000 Bond was issued to and is held by the State of Montana Drinking Water Revolving Loan Program (SRF). The Series 1992 Bonds are

outstanding in the principal amount of \$11,575,000, of which \$3,858,333 is properly allocable to the Water System and \$7,716,667 is properly allocable to the Sanitary Sewerage System. The Series 1996 Bonds are outstanding in the principal amount of \$2,100,000, and the entire amount thereof is properly allocable to the Water System. The Series 2000 Bond was authorized in the aggregate principal amount of \$3,000,000, of which \$1,980,878 in principal amount has been advanced and \$1,019,122 is currently outstanding. It is estimated that the maximum authorized amount of the Series 2000 Bond will be advanced and that the entire Series 2000 Bond is allocable to the Water System.

Section 2. Authorization.

2.01 Refunding Bonds; Terms and Conditions, Bond Purchase Agreements. The Commission hereby determines that it is in the best interest of City and that the proposed financing described in Section 1.02 that the City issue and sell to D.A. Davidson & Co. of Great Falls, Montana (the “Underwriter”) on a negotiated basis: (i) a series of Water System revenue refunding bonds in the estimated aggregate principal amount of \$6,060,000 (the “Water System Revenue Refunding Bonds, Series 2002A”), the proceeds of which shall be used to refund the Series 1996 Bonds and the portion of the 1992 Bonds allocated to the Water System and to pay costs associated with the sale and security of the Water System Revenue Refunding Bonds, Series 2002A; and (ii) a series of Sanitary Sewerage System revenue refunding bonds in the estimated aggregate principal amount of \$7,730,000 (the “Sewerage System Revenue Refunding Bonds, Series 2002A”), the proceeds of which shall be used to refund the portion of the Series 1992 Bonds allocated to the Sanitary Sewerage System and to pay costs associated with the sale and security of the Sewerage System Revenue Refunding Bonds, Series 2002. (The Water System Revenue Refunding Bonds, Series 2002A, and the Sewerage System Revenue Refunding Bonds, Series 2002A, shall collectively be referred to as the “Refunding Bonds”). The City Manager, City Controller and others are authorized to work with the Underwriter and Dorsey & Whitney, LLP as Bond Counsel, to propose the terms and conditions of the Refunding Bonds and to prepare one or more Preliminary Official Statements related thereto. Prior to the sale of the Refunding Bonds, the Underwriter shall present to the City Manager and the City’s City Controller a Bond Purchase Agreement for each series of Refunding Bonds which will set forth the proposed interest rates for the Refunding Bonds, redemption schedule, Underwriter’s discount, and such other terms and conditions as may be appropriate or desired. The Bond Purchase Agreements shall be subject to the approval of the City Commission.

2.02 The Series 2000 Bond. The Montana Department of Natural Resources and Conservation (the “DNRC”) as the Program Manager for the Drinking Water Revolving Loan Program (SRF) has stated that it will consent to the amendment and restatement of the Series 2000 Bond to reflect that it will be payable from and secured solely by the net revenues of the Water System.

2.03 Bonds for Improvements to Sanitary Sewerage System. The City has previously adopted a resolution approving a Commitment Agreement with the DNRC with respect to the issuance of bonds in the estimated aggregate principal amount of \$13,400,000 to pay the costs of the constructing improvements to the Sanitary Sewerage System (the “2002 Sewer Project”). Based on construction bids the City has received, the cost of the 2002 Project is now estimated to be \$12,340,000. The City confirms its intention to issue Sanitary Sewerage System Revenue

Bonds in the estimated principal amount of \$12,340,000, Series 2002B, to the State of Montana Clean Water Revolving Loan Program, upon or following the issuance of the Refunding Bonds pursuant to a bond resolution to be adopted by the Commission.

Section 3. Preliminary Official Statements. The City Manager, City Controller, City Clerk and other officers of the City, in cooperation with the Underwriter and Bond Counsel, are hereby authorized and directed to prepare one or more Preliminary Official Statements to be distributed by the Underwriter to potential purchasers of the Refunding Bonds. The City Manager, City Controller and City Clerk are authorized on behalf of the City to deem each such Preliminary Official Statement “near final” as of its date, in accordance with Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934.

PASSED by the City Commission of the City of Great Falls, Montana, on this 19th day February, 2002.

Mayor

ATTEST:

City Clerk