

RESOLUTION 18-12

A RESOLUTION SUPPORTING THE HEADWATERS RESOURCE CONSERVATION AND DEVELOPMENT ECONOMIC DEVELOPMENT DISTRICT

WHEREAS, the Town of Whitehall is an active member of the Headwaters Resource Conservation and Development Economic Development District; and

WHEREAS, the Headwaters Resource Conservation and Development Economic Development District comprises seven counties and their municipalities, including Anaconda-Deer Lodge, Beaverhead, Butte-Silver Bow, Granite, Jefferson, Madison and Powell which work together for the common good of the area; and

WHEREAS, the Headwaters Resource Conservation and Development Economic Development District has developed and approved a Comprehensive Economic Development Strategy for the seven-county region in southwestern Montana.

NOW THEREFORE, be it resolved that the Town of Whitehall formally acknowledges their support for the Headwaters Resource Conservation and Development Economic Development District and the Comprehensive Economic Development Strategy.

AYES: 06

NAYES: 0

ABSENT: 0

Adopted this 10th day of December, 2012

M. J. Hensleigh, 12-12-12
Mayor Mary Janacaro Hensleigh Date

Darcy Perrenoud, 12-12-12
Clerk Darcy Perrenoud Date

TOWN OF WHITEHALL, Montana

RESOLUTION #17-12

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF WHITEHALL, COUNTY OF JEFFERSON, CREATING A WAGE AND FINANCE COMMITTEE OF THE TOWN COUNCIL.

Whereas, the Town Council of the Town of Whitehall believes that it is in the best interest of the Town to create a Wage and Finance Committee of the Town Council to review and research employee compensation and wage issues as well as other financial issues proposed for its review by the Town Council.

NOW THEREFORE, BE IT RESOLVED by the Town Council of the Town of Whitehall, Montana, that:

1. That it is in the best interest of the Town of Whitehall to create a Wage and Finance Committee to the Town Council to study and review employee compensation and wage and finance issues.
2. That the Wage and Finance Committee will consist of three council members to be appointed by the Council on an annual basis.
3. That the Wage and Finance Committee duties will be to review and study employee wage rates, review and study employee pay raises as well as other financial questions or issues that have been referred to it by the Council and bring its findings and recommendations to the Council for consideration.

APPROVED by the Whitehall Town Council this 21st day of August, 2012.

AYES: 06 NAYES: 0 ABSENT: 0

SIGNED: M. J. Hensleigh
Mayor Mary Janacaro Hensleigh

ATTEST: Darcy Perrenoud
Darcy Perrenoud, Town Clerk

RESOLUTION 16-12

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF WHITEHALL,
MONTANA ADOPTING THE FINAL BUDGET FOR THE FISCAL YEAR
BEGINNING JULY 1, 2012 AND ENDING JUNE 30TH, 2013**

BE IT RESOLVED by the Town Council of the Town of Whitehall, Montana, County of Jefferson, State of Montana, that the Town Council approves the FY 2013 final general fund budget in the amount of \$465,146.00 (Four Hundred Sixty Five Thousand, One Hundred Forty Six dollars and no cents).

BE IT FURTHER RESOLVED by the Town Council of the Town of Whitehall, Montana, County of Jefferson, State of Montana, that the Town Council approves the FY 2013 final budget of \$15,436 (Fifteen Thousand, Four Hundred Thirty Six Dollars), for the voter established mill levy for debt service purposes on the fire engine.

BE IT FURTHER RESOLVED that the Whitehall Town Council hereby approves the FY 2013 fee based budgets for the Water, Sewer, Solid Waste, Ambulance and Pool Funds in the amount of \$661,952 (Six Hundred Sixty One Thousand, Nine Hundred Fifty Two dollars and no cents) and, under MCA 7-6-4012, hereby authorizes adjustments to the appropriations of the fee based budgets as determined by the Council throughout the year.

BE IT FURTHER RESOLVED that the Whitehall Town Council hereby approves the following budget appropriations for the fiscal year beginning July 1, 2012 and ending June 30, 2014

1000	General	\$465,146
2210	Pool Gate Account	\$15,035
2211	Pool Assessments	\$18,000
2250	Community Development Board	\$2,376
2701	Tree Trust	\$5,369
2702	Facility Use Trust	\$2,080
2820	Gas Tax	\$65,913
3000	Fire Truck Levy	\$15,436
5210	Water Utility	\$224,844
5310	Sewer Utility	\$106,830

5311	Sewer Project	\$3,257,120
5410	Solid Waste	\$80,502
5510	Ambulance Enterprise	\$234,741
7050	Ambulance Trust	\$12,500
8010	Cemetery Perpetual Care	\$5,600

PASSED AND APPROVED THIS 21st DAY OF August, 2012.

AYES: 06 NAYES: 0 ABSENT: 0

M. J. Hensleigh, 08-22-12
 Mayor Mary Janacaro Hensleigh Date

Darcy Perrenoud, 08/22/2012
 Clerk/Treasurer Darcy Perrenoud Date

RESOLUTION 15-12

A resolution of the Town Council of the Town of Whitehall, Montana relating to the approval of the FY 2013 mill levies.

BE IT RESOLVED by the Town Council of the Town of Whitehall, Montana, County of Jefferson, State of Montana, that the Town Council hereby fixes the Fiscal Year 2013 General Fund mill levies at 115.42;

BE IT FURTHER RESOLVED by the Town Council of the Town of Whitehall, Montana, County of Jefferson, State of Montana, that the Town Council hereby fixes the voter established mill levy for debt service purposes on the Town of Whitehall fire engine at 19.12 mills.

THEREFORE BE IT RSOLVED that the Town Council of the Town of Whitehall hereby fixes the total Town levies for Fiscal Year 2013 at 134.54 mills.

PASSED AND APPROVED THIS 21st **DAY OF AUGUST, 2012.**

AYES: 06 NAYES: 0 ABSENT: 0

M. J. Hensleigh, 08-22-12
Mayor Mary Janacaro Hensleigh Date

Darcy Perrenoud, 08-22-2012
Clerk/Treasurer Darcy Perrenoud Date

RESOLUTION NO. 14-12

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF WHITEHALL,
MT ADOPTING AND APPROVING A COST-OF-LIVING INCREASE FOR
CERTAIN EMPLOYEES OF THE TOWN OF WHITEHALL.**

WHEREAS certain members of the Whitehall Town Council researched the Consumer Price Index; and

WHEREAS the Consumer Price Index indicated a 2.3% cost-of-living increase for the coming year; and

WHEREAS the Whitehall Town Council reviewed the information during the July 23rd, 2012 budget workshop; and

WHEREAS the Council voted in favor, by a 4:1 vote, to approve a 2.3% cost-of-living increase during the July 23rd, 2012 budget workshop; and

WHEREAS this wage increase shall be retroactive to July 1, 2012,

NOW, THEREFORE BE IT HEREBY RESOLVED by the Town Council of the Town of Whitehall, Montana, that the 5 full-time Town employees (Clerk/Treasurer, Deputy Clerk, Public Works Director, Assistant Public Works and Public Works Laborer), as well as the summer maintenance personnel, shall receive a cost-of-living increase of 2.3%, retroactive to July 1st, 2012.

APPROVED by the Whitehall Town Council this 13th day of August 2012.

AYES: 06 NAYES: 0 ABSENT: 0

SIGNED: *M. J. Hensleigh*
Mayor Mary Janacaro Hensleigh

ATTEST: *Darcy Perrenoud*
Clerk Darcy Perrenoud

RESOLUTION NO. 13-12

A RESOLUTION OF THE TOWN OF WHITEHALL, MONTANA PROVIDING FOR THE AMENDMENT OF THE FISCAL YEAR 2012 BUDGET.

WHEREAS, the Town of Whitehall, Montana adopted the budget for Fiscal Year 2012 by Resolution No. 11-11 and;

WHEREAS, the Town of Whitehall Water Utility Fund (5210) and the Ambulance Trust Fund (7050) need to be amended to cover unanticipated revenues and expenditures and;

WHEREAS, the Town of Whitehall is empowered under Montana Code Annotated 7-6-4006, 7-6-4012 and 7-6-4031 to amend the fiscal year budget and;

WHEREAS, each of the aforementioned funds have the necessary funds available in operating cash and reserves to cover the amended budget expenditures;

NOW, THEREFORE BE IT RESOLVED that the Town Council of the Town of Whitehall, MT hereby appropriates and redistributes the following accounts and directs the Town Clerk to make the following budget amendments:

Water Utility	5210-381000	Increase revenue by \$31,570.00 to account For proceeds of general long-term debt (Inter-cap Loan) for the emergency back-up generator
	5210-430530-940	Add the off-setting expenditure of \$31,570 to reflect the generator being expensed out
Ambulance Trust	7050-365000	Increase unanticipated donation revenue by \$52,102.16
	7050-420730-212	Add expenditure of \$3,198.95 for appliances for the new building - covered by unanticipated donation revenue
	7050-420730-219	Add expenditure of \$1,979 for additional cabinetry installation at the new building - covered by unanticipated donation revenue

7050-420730-940 Add expenditure of \$12,910 for the 10% match on the EMS grant for the new ambulance – covered by unanticipated donation revenue

Passed and approved by the Whitehall Town Council this 9th day of July, 2012.

AYES: 05 NAYES: 0 ABSENT: 01

M. J. Hensleigh, 07-09-2012
Mayor, Mary Janacaro Hensleigh Date

Darcy Perrenoud, 07/09/2012
Attest: Clerk Darcy Perrenoud Date

RESOLUTION NO. 12-12

**A RESOLUTION BY THE TOWN COUNCIL OF THE TOWN OF WHITEHALL
DECLARING A BLIGHTED AREA EXISTS WITHIN THE
TOWN OF WHITEHALL, MONTANA AND THAT THE REDEVELOPMENT
OF THAT AREA IS NECESSARY IN THE INTEREST OF PUBLIC HEALTH,
SAFETY, OR WELFARE OF THE RESIDENTS OF WHITEHALL AND TO
DETERMINE THE BOUNDARIES OF THAT AREA**

WHEREAS, the State of Montana has provided for the redevelopment of those portions of its municipalities which constitute a menace to public health and safety, constitute an economic and social liability and substantially impair the sound growth of a municipality; and

WHEREAS, the procedure provided in Title 7, Chapter 15, Part 42 and 43 of the Montana Codes Annotated authorizes municipalities to exercise statutory urban renewal powers for redevelopment and rehabilitation through urban renewal plans and projects, after the municipality has made a finding that a blighted area exists that substantially impairs or arrest the sound growth of the city or its environs; retards the provision of housing accommodations; constitutes an economic or social liability and/or is detrimental or constitutes a menace to the public health, safety, welfare, and morals in its present condition and use; and

WHEREAS, on May 14th, 2012, the Whitehall City Council directed the study to determine the existence of blight within the urban area; and

WHEREAS, the Town of Whitehall has prepared a Statement of Blight (attached to this resolution as Exhibit A) to document the existence of blight in an area known as the commercial area and associated neighborhoods and generally described as bounded on the West by the Whitehall City Limit, on the East by the City Limit at Whitetail Creek, on the North by Commercial Way to Division Street and thereafter by East 1st Street and on the South by Sugar Beet Row and excludes any unincorporated property, as of May, 2012, and in particular found:

1. Physical deterioration of buildings and properties
 - Many of the structures in the defined area are vacant or in poor repair and properties are poorly maintained. Site surveys indicate that the majority of existing structures have not been substantially improved for at least twenty years. There are several blighted empty lots within the defined area.
2. Inappropriate or mixed uses of land or buildings
 - The presence of existing industrial uses within the defined area is incompatible with retail, commercial, residential and parkland development. This land use conflict has proven to be a disincentive to the improvement of properties within the area by private enterprise.

3. Defective street layout
 - o Much of the area is without adequate sidewalks, curbs, or gutters resulting in poor traffic circulation and storm drainage problems.
4. Unsanitary and unsafe conditions and the existence of conditions that endanger life or property by fire or other causes
 - o Facilities at the public rodeo grounds and ball fields as well as those located on the public school grounds are in unsafe condition. In many locations throughout the district, sidewalks are deteriorating or absent, presenting a hazard to pedestrians.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF WHITEHALL, MONTANA;

That the Town Council finds that blight exists within the Town of Whitehall in the area described in Exhibit "A" of this Resolution under the definition contained in Section 7-15-4206 (2), M.C.A. and that rehabilitation and redevelopment of such area (pursuant to the Montana Urban Renewal Law) is necessary and desirable in the interest of the public health, safety, and welfare of the residents of the Town of Whitehall and that this rehabilitation and redevelopment be made with a commitment to quality improvement and a commitment to property owner and community involvement in decision making.

PASSED by the Town Council of the Town of Whitehall, Montana, this 11th day of June, 2012.

AYES: 05

NAYES: 0

ABSENT: 01

M. J. Hensleigh, 06-12-12
Mayor, Mary Janacaro Hensleigh Date

Darcy Perrenoud, 06-12-2012
Attest: Clerk, Darcy Perrenoud Date

Attachment A
Proposed Whitehall Urban Renewal District - Statement of Blight

Introduction

The Town of Whitehall is embarking on a program to revitalize its downtown and surrounding commercial and residential neighborhoods, in an area generally bounded on the West by the Whitehall City Limit, on the East by the City Limit at Whitetail Creek, on the North by Commercial Way to Division Street and thereafter by East 1st Street, and on the South by Sugar Beet Row, excluding any unincorporated property, as of May, 2012, per Figure 1, below.

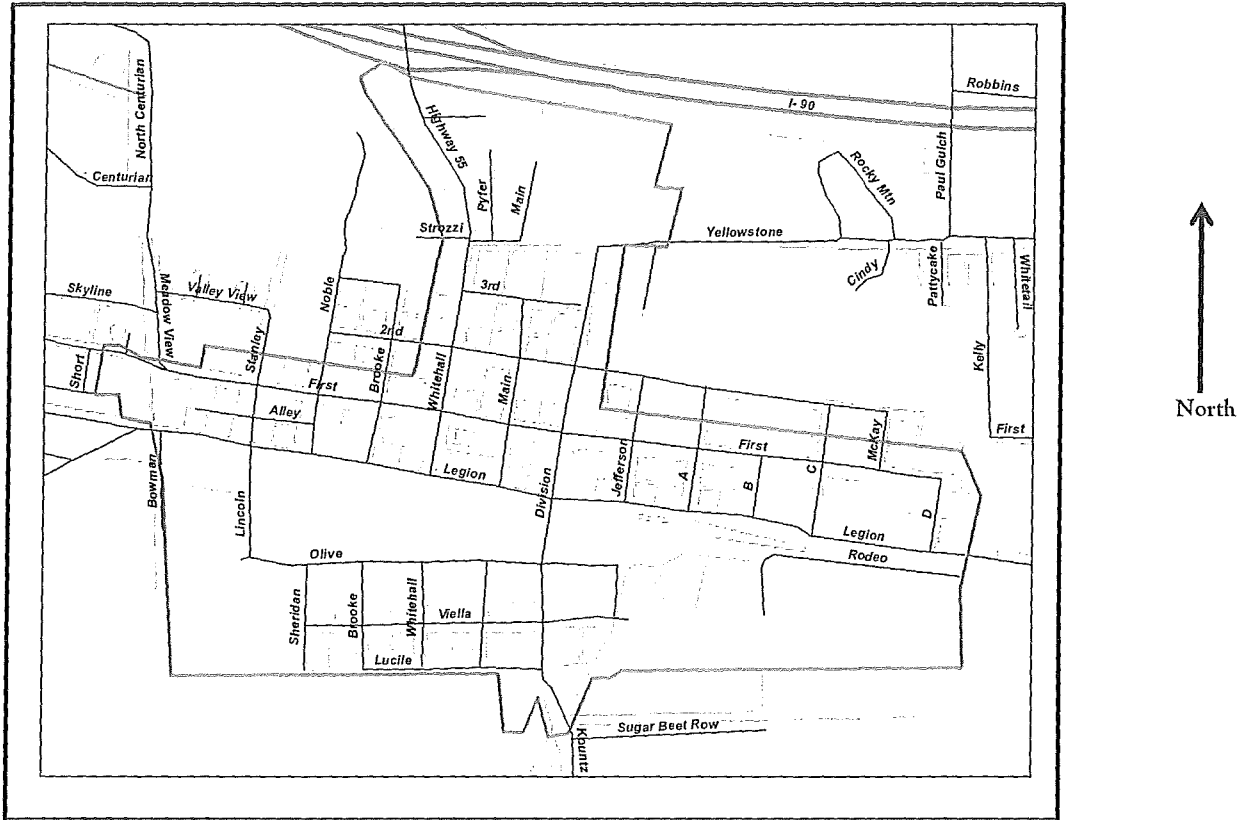


Figure 1. Proposed Whitehall Urban Renewal District

The revitalization of the proposed Whitehall Urban Renewal District is being undertaken to address a range of conditions that are discussed in this Attachment. The Community plans to create an Urban Renewal District in accordance with 7-15-4201 MCA and to establish a tax increment financing (TIF) program to help fund its efforts. The first step in creating the District will be to prepare an urban renewal plan for the District, which will guide the investment of resources in addressing critical issues. As stated in 7-15-4209 MCA, a local government “may formulate a workable program for utilizing appropriate private and public resources:

- (a) to eliminate and prevent the development or spread of blighted areas;

- (b) to encourage needed urban rehabilitation;
- (c) to provide for the redevelopment of such areas; or
- (d) to undertake such of the aforesaid activities or other feasible municipal activities as may be suitably employed to achieve the objectives of such workable program”

Prior to the adoption of the urban renewal plan, however, the Whitehall Town Council must establish that the proposed Urban Renewal District is “blighted” as defined in the Montana Urban Renewal Law, 7-15-4206 MCA, identifying it as a proposed Urban Renewal District. The 2011 Montana Legislature amended the Law to state that at least three blighted conditions must exist in the proposed area in order for an Urban Renewal District to be created (7-15-4210 MCA). This document presents the conditions of blight within the designated area, in support of the District’s creation.

Background

Whitehall, Montana is located in the southern part of Jefferson County. According to the 2010 census, its population is 1,038. Whitehall takes its name from a large white ranch home, originally owned by E. G. Brooke, which was used as a stopping place for stages running from Helena to Virginia City. Brooke named his station Old Whitehall, after a similar structure in Whitehall, Illinois. The modern community developed after the railroad came through in 1889 with a branch line between Garrison and Logan. According to the U.S. Census, the population has remained largely unchanged since World War II. The Town serves as a service and retail center for the surrounding agricultural area, as well as the Golden Sunlight Mine, located to the east of the Town. The high school, located in Whitehall as well, serves the southern half of Jefferson County. A number of state and county offices are also located within the Community.

The stability of this community was threatened however, when in March of 2009, a fire caused extensive damage to the downtown area. Five buildings were lost and nine businesses were impacted directly by the fire. Following the fire, a lack of traffic downtown caused the closure of two additional businesses directly adjacent to the fire site. For the past three years, the Town has worked in partnership with the business community, Jefferson County and the Local Development Corporation to bring new life to downtown Whitehall and the surrounding areas. The creation of an Urban Renewal District will be a critical component in achieving this goal.



Figure 2. Downtown Whitehall Fire, March 2009

The percentage of those living in poverty in the Town of Whitehall is significantly higher than for Montana as a whole. According to the 2006-2010 American Community Survey, within a certainty of 90%, the proportion of the population living below the poverty line ranges between 13.4 and 32 percent, with the estimated value being 22.7 percent. The estimated value for the State of Montana is 14.6, with a margin of error of only +/-1 (US Census Bureau). Many of those living in poverty reside within the proposed Urban Renewal District

Establishing Blight

As stated above, prior to preparing an urban renewal plan for the Whitehall Urban Renewal District the Town Council must adopt a resolution designating the proposed renewal district as blighted, based on at least three characteristics. This action establishes the need for the urban renewal program and the rationale for investing public funds in redevelopment activities.

Defining Blight

Montana law sets forth the specific conditions that constitute blight. In particular, state statute defines a blighted area as one that substantially impairs or arrests the sound development of communities, constitutes an economic or social liability, and/or constitutes a menace to the public health and safety in its present condition.

Per 7-15-4206, MCA, a "blighted area" may be identified as such by reason of:

- (a) the substantial physical dilapidation; deterioration; defective construction, material, and arrangement; or age obsolescence of buildings or improvements, whether residential or nonresidential;
- (b) inadequate provision for ventilation, light, proper sanitary facilities, or open spaces as determined by competent appraisers on the basis of an examination of the building standards of the municipality;
- (c) inappropriate or mixed uses of land or buildings;
- (d) high density of population and overcrowding;
- (e) defective or inadequate street layout;
- (f) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (g) excessive land coverage;
- (h) unsanitary or unsafe conditions;
- (i) deterioration of site;
- (j) diversity of ownership;
- (k) tax or special assessment delinquency exceeding the fair value of the land;
- (l) defective or unusual conditions of title;
- (m) improper subdivision or obsolete platting;
- (n) the existence of conditions that endanger life or property by fire or other causes; or
- (o) any combination of the factors listed in this subsection (2)." (Montana Laws)

Blighted Conditions in the Proposed Whitehall Urban Renewal District

The proposed Whitehall Urban Renewal District exhibits a number of these blighted conditions including:

- Physical deterioration of buildings and properties
- Inappropriate or mixed uses of land or buildings
- Defective street layout
- Unsanitary and unsafe conditions and the existence of conditions that endanger life or property by fire or other causes

Physical Deterioration of Buildings and Properties

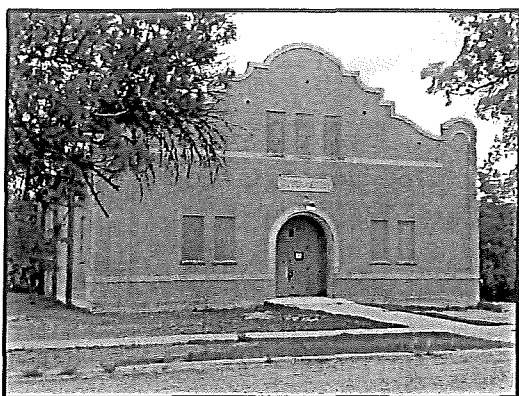


Figure 4. Old School Gym on Main and 3rd

The proposed District includes a number of properties that are deteriorating. As noted above, a devastating fire in 2009 was responsible for the destruction of five buildings in the downtown. In addition, there are several abandoned structures and empty lots in the area. For example, the old gym, adjacent to the Whitehall school grounds on Main is vacant and has been identified as hazardous in its present condition (Figure 3).

The proposed District also features a number of vacant lots, including one prominently located on Legion Street, the primary commercial street (Figure 5)

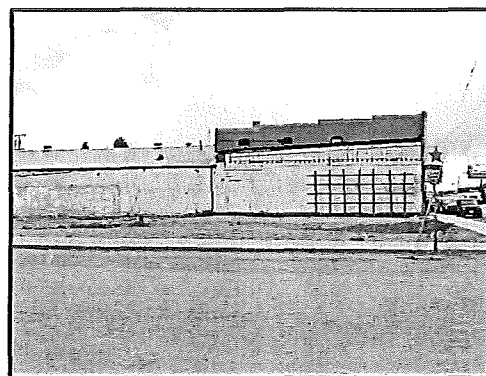


Figure 5. Empty Lot at Legion and Main

Inappropriate or mixed uses of land or buildings

The proposed Urban Renewal District includes a variety of land uses including commercial, residential, public and light industrial. While these uses all contribute to the area's character, the various uses are not always well delineated. For example, the Town's park area is adjacent to industrial activities associated with the rail line with no buffer in between. Figure 6 shows a site in the downtown area, directly across from the Borden

Hotel, where a parking lot is located in close proximity to industrial activities, which are in turn directly adjacent to the railroad. While these uses all can contribute to the economic vitality of a revitalized central business district, they could be better separated through thoughtful design that features landscaping and other buffering.

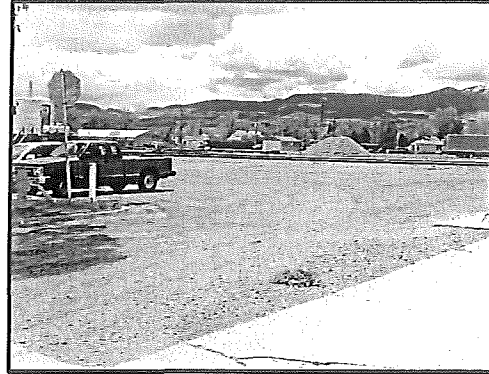


Figure 6. Looking southeast from Legion

Defective Street Layout

Many of the streets within the proposed Urban Renewal District are characterized by deteriorating pavement, or no pavement at all. In many cases sidewalks, particularly within the residential neighborhoods, are either broken or missing. At the eastern end of the area, there are several vacant lots, to the south of Legion, which have no access, resulting in diminished opportunity for development. Figures 7 and 8 show examples of problems with streets and associated infrastructure in residential areas adjacent to downtown.

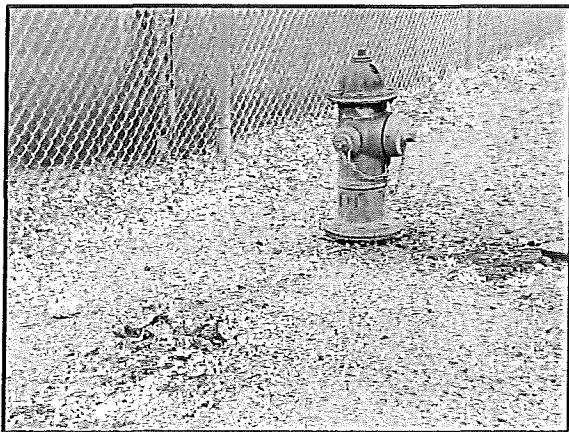


Figure 7. 3rd Street near school property - no sidewalk

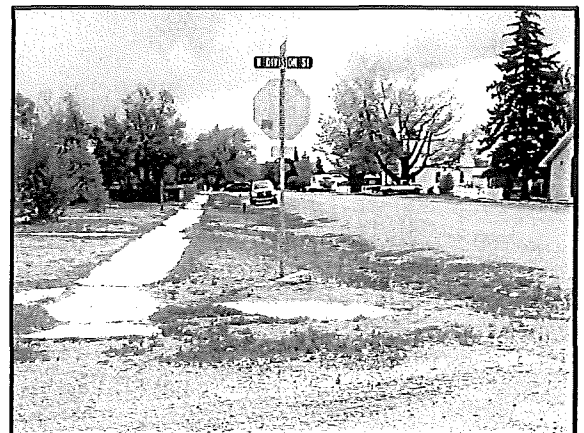


Figure 8. Deteriorated sidewalk and no curb - 1st and Division

In addition, sidewalks along Legion Street, particularly east of Division, are missing, making it difficult, and in some cases, unsafe to access business. (See Figure 9.)

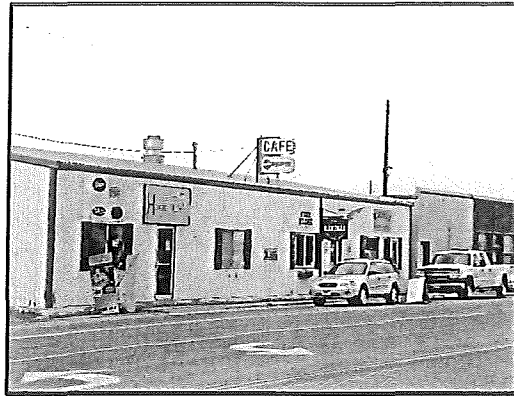


Figure 9 Businesses on the south side of Legion

Unsanitary and unsafe conditions and the existence of conditions that endanger life or property by fire or other causes

Many of the blighted conditions noted above can be characterized as unsafe. The 2009 fire indicates that many of the older buildings, particularly those that are abandoned are vulnerable and require stabilization and revitalization. The absence of safe pedestrian routes, due to broken and missing sidewalks, poor street lighting in some cases and few safe street crossings are also of concern. There are also unsafe conditions associated with the Town's public facilities. In particular the school playground equipment does not meet current safety standards and the bleachers at the rodeo grounds are in very poor shape (Figure 10).

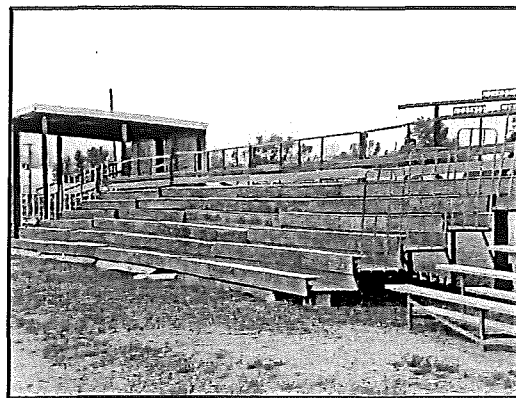


Figure 10. Bleachers at Rodeo Grounds

Conclusion

Based on these findings, the proposed Whitehall Urban Renewal District can be described as blighted per Montana Statute, with respect to the deteriorating condition of property in the area; incompatibility of land uses; defective street layout, and unsafe conditions associated both public and privately held property.

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the Town of Whitehall, Montana (the "Town"), hereby certify that the attached resolution is a true copy of Resolution No. 11-12, entitled: "RESOLUTION RELATING TO SEWER SYSTEM REVENUE BONDS, CONSISTING OF \$3,000,000 SERIES 20__A BOND AND \$300,000 SERIES 20__B BOND, AND A \$3,000,000 SEWER SYSTEM REVENUE BOND ANTICIPATION NOTE TO BE ISSUED IN ANTICIPATION THEREOF; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF AND CREATING SPECIAL FUNDS AND ACCOUNTS AND PLEDGING CERTAIN REVENUES AS SECURITY THEREFOR" (the "Resolution"), on file in the original records of the Town in my legal custody; that the Resolution was duly adopted by the Town Council of the Town at a regular meeting on April 9, 2012, and that the meeting was duly held by the Town 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 Council members voted in favor thereof: Steve Antonioli, Mac Smith, Dave Torgerson, Myron Belgarde + Gerry Keogh; voted against the same: None; abstained from voting thereon: None; or were absent: Todd Breitenfeldt.

WITNESS my hand officially this 9th day of April, 2012.


Town Clerk-Treasurer

TOWN OF WHITEHALL, MONTANA

RESOLUTION # 05-13

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF WHITEHALL, COUNTY OF JEFFERSON, STATE OF MONTANA, STATING ITS INTENT TO EXTEND THE BOUNDARIES OF THE TOWN OF WHITEHALL TO INCLUDE CERTAIN LOTS OF THE AMALGAMATED SUGAR COMPANY SUBDIVISION.

Whereas, residents of the Amalgamated Sugar Company Subdivision have identified failing septic services to the homes within the Amalgamated Sugar Company Subdivision; and

Whereas, certain residents of the Amalgamated Sugar Company Subdivision have approached the Town of Whitehall about annexing into the Town and connecting to the town's sewer utility; and

Whereas, a majority of the property owners of the Amalgamated Sugar Company Subdivision have signed waivers of annexation; and

Whereas, the Town Council of the Town of Whitehall believes that it is in the best interest of the Town and the residents of the Amalgamated Sugar Company Subdivision to extend its boundaries and embrace the Sugar Beet Row Subdivision; and

Whereas, Section 7-2-4312, MCA, grants authority to local governments to extend its boundaries to include contiguous platted tracts or parcels of land for which a certificate of survey has been filed; and

Whereas, the property to be annexed is described as lots 1-15 and lot 18 of the Amalgamated Sugar Company Subdivision within a parcel of land located in the N ½ of the SW ¼ of Section 3, T1N, R4W, PMM, Jefferson County, Montana, book of deeds No. 90, Page 478.

NOW THEREFORE, BE IT RESOLVED by the Town Council of the Town of Whitehall, Montana, that:

1. That it is in the best interest of the inhabitants of the Town of Whitehall, as well as the residents of the Amalgamated Sugar Company Subdivision, that the boundaries of the Town of Whitehall be extended to include Lots 1-15 and Lot 18 in the N ½ of the SW ¼ of Section 3, T1N, R4W, PMM, Jefferson County, Montana, known as the Amalgamated Sugar Company Subdivision, as shown in Exhibit "A", attached hereto and by reference made a part hereof.

2. That the Town Clerk immediately notify, in writing, all registered voters in the territory to be embraced; and
3. That the Town Clerk publish notice as provided in MCA 7-1-4127.

APPROVED by the Whitehall Town Council this 11 day of March, 2013.

AYES: 05 NAYES 0 ABSENT 01

SIGNED: 
Mayor Mary Janacaro Hensleigh

ATTEST: 
Darcy Perrenoud, Town Clerk

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(For convenience only and not a part of the Resolution)

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RESOLUTION NO. 11-12

RESOLUTION RELATING TO SEWER SYSTEM REVENUE BONDS, CONSISTING OF \$3,000,000 SERIES 20__A BOND AND \$300,000 SERIES 20__B BOND, AND A \$3,000,000 SEWER SYSTEM REVENUE BOND ANTICIPATION NOTE TO BE ISSUED IN ANTICIPATION THEREOF; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF AND CREATING SPECIAL FUNDS AND ACCOUNTS AND PLEDGING CERTAIN REVENUES AS SECURITY THEREFOR

BE IT RESOLVED by the Town Council of the Town of Whitehall, Montana, as follows:

Section 1. Definitions, Authorizations and Findings.

1.01. Definitions. The terms defined in this Section 1.01 shall for all purposes of this Resolution have the meanings herein specified, unless the context clearly otherwise requires:

Accountant shall mean a Person engaged in the practice of accounting as a certified public accountant or any other Person authorized under State law to audit and certify financial statements of cities or towns in the State, whether or not employed by the Town.

Act shall mean Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, and Section 7-7-109, as heretofore and hereafter amended or supplemented.

Additional Bonds shall mean any Bonds issued on a parity with Outstanding Bonds pursuant to Section 6.01.

Additional Notes shall mean any Notes issued pursuant to Section 6.02.

Bonds shall mean the Series 20__ Bonds and any Additional Bonds.

Bond Counsel shall mean any firm of nationally recognized bond counsel experienced in matters relating to tax-exempt financing, selected by the Town.

Bondholder shall mean the Person in whose name a Bond is registered in the Bond Register.

Bond Register shall mean, with respect to the Series 20__ Bonds, the registration books maintained by the Town Clerk-Treasurer pursuant to Sections 4.02 and 5.02, or, with respect to a series of Additional Bonds, the register to be maintained by the Registrar pursuant to Section 2.07 or the Supplemental Resolution authorizing the issuance of such Bonds.

Business Day shall mean any day other than a Saturday, Sunday or other day on which commercial banks located in the Town in which the principal office of the Registrar are not open for business or are authorized by law to close.

Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

Commitment Letter shall mean the Letter of Conditions from Rural Development of the USDA to the Town dated June 10, 2009, as amended and supplemented by a Letter of Conditions dated February 6, 2012.

Construction Account shall mean the account created by Section 7.02.

Consulting Engineer shall mean Great West Engineering, Inc., of Helena, Montana.

Council shall mean the Town Council of the Town or any successor governing body of the Town.

Debt Service Account shall mean the account created by Section 7.04.

Definitive Bond shall mean the Town's Sewer System Revenue Bond, Series 20__A, to be issued in the maximum original principal amount of \$3,000,000 pursuant to this Resolution.

Fiscal Year shall mean the period commencing on the first day of July of any year and ending on the last day of June of the next year, or any other specified twelve-month period, authorized by law and specified by the Council as the Town's fiscal year.

Government Obligations shall mean direct obligations of, or obligations the principal of and the interest on which are fully and unconditionally guaranteed as to payment by, the United States of America.

Holder shall mean a Bondholder or a Noteholder.

Independent shall mean, when used with respect to any specified Person, such a Person who (i) is in fact independent; (ii) does not have any direct financial interest or any material indirect financial interest in the Town, other than the payment to be received under a contract for services to be performed by such Person; and (iii) is not connected with the Town as an officer, employee, promoter, trustee, partner, director, underwriter or person performing similar functions. Whenever it is herein provided that any Independent Person's opinion or certificate shall be furnished, such Person shall be appointed by the Council and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

Interest Payment Date shall mean a date specified in an Obligation and in this Resolution as a fixed date for payment of an installment of interest on any of the Obligations.

Loans shall mean the 20__A Loan and the Series 20__B Loan.

Maturity shall mean, when used with respect to any Obligation, the date on which the principal of such Obligation becomes due and payable as therein or herein provided, whether at its Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

Net Revenues shall mean the Revenues for a specified period less the Operating Expenses for the same period.

Note Account shall mean the account created by Section 7.09.

Note Register shall mean, with respect to the Series 2012 Note, the registration book maintained by the Town Clerk-Treasurer pursuant to Section 3.02, and with respect to any Additional Notes, the registration books maintained by the Note Registrar in respect thereof.

Note Registrar shall mean, with respect to the Series 2012 Note, the Town Clerk-Treasurer or any successor appointed by the Council, and with respect to any Additional Notes, Person or Persons designated by or pursuant to this Resolution or a Supplemental Resolution to receive and disburse the principal of, premium, if any, and interest on such Additional Notes on behalf of the Town and to hold and maintain the Note Register in respect thereof.

Noteholder shall mean the Person in whose name a Note is registered in the Note Register.

Notes shall mean the Series 2012 Note and any Additional Notes issued pursuant to this Resolution.

Obligations shall mean the Notes and the Bonds, collectively.

Operating Expenses shall mean the current expenses, paid or accrued, of operation, maintenance and minor repair of the System, excluding interest on the Obligations and depreciation, as calculated in accordance with generally accepted accounting principles, and shall include, without limitation, administrative expenses of the Town relating solely to the System, premiums for insurance on the properties thereof, labor and the cost of materials and supplies used for current operation and for maintenance, and charges for the accumulation of appropriate reserves for current expenses which are not recurrent regularly but may reasonably be expected to be incurred, but shall not include amounts to be deposited to the Short-Lived Asset Replacement Reserve Subaccount.

Opinion of Counsel shall mean a written opinion of counsel, who may (except as otherwise expressly provided in this Resolution) be counsel for the Town.

Original Purchaser shall mean, with respect to any series of Obligations, the original purchaser or underwriter of such series of Obligations. The Original Purchaser of the Series 2012 Note is the Board of Investments of the State of Montana, in Helena, Montana. The Original Purchaser of the Series 20__ Bonds is the United States of America acting through the Rural Utilities Service, United States Department Agriculture.

Outstanding shall mean, when used with reference to Obligations, as of the date of determination, all Obligations theretofore issued except:

(i) Obligations theretofore cancelled by the Town or the Registrar or delivered to the Town or the Registrar cancelled or for cancellation;

(ii) Obligations and portions of Obligations for whose payment or redemption money or Government Obligations (as provided in Section 10) shall have been theretofore deposited in trust for the Holders of such Obligations;

provided, however, that if such Obligations are to be redeemed, notice of such redemption shall have been duly given pursuant to this Resolution or irrevocable instructions to call such Obligations for redemption at a specified Redemption Date shall have been given to the Town; and

(iii) Obligations in exchange for or in lieu of which other Obligations shall have been issued and delivered pursuant to this Resolution;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Obligations have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Obligations owned by the Town shall be disregarded and deemed not to be Outstanding.

Person shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Principal and Interest Requirements shall mean, with respect to any Outstanding Bonds and for any Fiscal Year, the amount of principal of and interest on such Bonds due and payable during such Fiscal Year, assuming that Outstanding Serial Bonds are to be paid at their Stated Maturities and Outstanding Term Bonds are to be paid on their Sinking Fund Payment Dates according to the mandatory redemption requirements established by the Resolution.

Principal Payment Date shall mean the Stated Maturity of principal of any Note, Serial Bond and the Sinking Fund Payment Date for any Term Bond.

Project shall mean an improvement, betterment, reconstruction or extension of the System, including, without limitation, the 2012 Project.

Qualified Investments shall mean those obligations and securities set forth in Section 7.10, in which moneys from time to time in the Sewer System Fund may be invested.

Rebate Account shall mean the account created by Section 7.08.

Rebate Certificate shall mean the Rebate Certificate, if any, executed by the Town and filed in the office of the Town Clerk-Treasurer, in connection with the issuance of any series of Additional Bonds, as such may be amended or supplemented from time to time in accordance with the provisions thereof.

Redemption Date when used with respect to any Obligation to be redeemed shall mean the date on which it is to be redeemed pursuant hereto.

Redemption Price when used with respect to any Obligation to be redeemed shall mean the price at which it is to be redeemed pursuant hereto.

Registrar shall mean, with respect to the Series 20__ Bonds, the Town Clerk-Treasurer or any successor appointed pursuant to Sections 4.01(b), 4.02(b), 5.01(b) and 5.02(b), and, with respect to any series of Additional Bonds, the Person or Persons designated by or pursuant to this

Resolution or a Supplemental Resolution to receive and disburse the principal of, premium, if any, and interest on the Bonds on behalf of the Town and to hold and maintain the Bond Register, and, with respect to any Note, the Note Registrar.

Repair and Replacement Account shall mean the account created by Section 7.06.

Reserve Account shall mean the account created by Section 7.05.

Reserve Requirement shall mean, as of the date of reference, an amount equal to the maximum amount of Principal and Interest Requirements on all Outstanding Bonds in the then current or any future Fiscal Year.

Resolution shall mean this Resolution No. 11-12, as amended and supplemented by one or more Supplemental Resolutions, if any.

Revenues shall mean all revenues and receipts from rates, fees, charges and rentals imposed for the availability, benefit and use of the System, and from penalties and interest thereon, and from any sales of property which is a part of the System and income received from the investment of such revenues and receipts, including interest earnings on the Reserve Account and the Operating Account, but excluding interest earnings on the Construction Account, Repair and Replacement Account and Surplus Account, but excluding any special assessments or taxes levied for construction of any part of the System and the proceeds of any grant or loan from the State or the United States, and any investment income thereon, to the extent such exclusion is a condition to such grant or loan.

Serial Bonds shall mean Bonds which are not Term Bonds.

Series 2012 Note shall mean the Sewer System Revenue Bond Anticipation Note, Series 2012, to be issued in the principal amount of \$3,000,000 in anticipation of the issuance of the Definitive Bond pursuant to this Resolution.

Series 20__ Bonds shall mean the Series 20__ A Bond and the Series 20__ B Bond issued pursuant to this Resolution.

Series 20__ A Bond shall mean the Town's Sewer System Revenue Bond, Series 20__ A, to be issued in the original maximum principal amount of \$3,000,000, or such lesser amount as is actually loaned to the Town pursuant to the Resolution.

Series 20__ B Bond shall mean the Town's Sewer System Revenue Bond, Series 20__ B, to be issued in the original maximum principal amount of \$300,000, or such lesser amount as is actually loaned to the Town pursuant to the Resolution.

Short-Lived Assets shall mean assets of the System identified as short-lived assets in the application for the Loans made by the Town to the Purchaser.

Short-Lived Asset Replacement Reserve Subaccount shall mean the subaccount created in the Repair and Replacement Account established in Section 7.06 hereof for the purpose stated therein.

Sinking Fund Payment Date shall mean one of the dates set forth in any applicable provisions of a Supplemental Resolution (as to any series of Additional Bonds) for the making of mandatory principal payments for Additional Bonds which are Term Bonds.

State shall mean the State of Montana.

Stated Maturity when used with respect to any Obligation shall mean the date specified in such Obligation as the fixed date on which the principal of such Obligation is due and payable.

Supplemental Resolution shall mean any resolution supplemental to or amendatory of this Resolution adopted in accordance with the requirements of Section 9.

System shall mean the Town's municipal sewer system, as it may at any time exist, including any replacement, expansion and improvement thereof.

Term Bond shall mean any Bond for the payment of the principal of which mandatory payments are required by the Resolution to be made at times and in amounts sufficient to redeem all or a portion of such Bond prior to its Stated Maturity.

Town shall mean the Town of Whitehall, Montana, its successors and assigns.

Town Resolution shall mean a resolution, ordinance or other appropriate enactment by the Council certified by the Town Clerk-Treasurer to have been duly adopted and to be in full force and effect.

2012 Project shall mean the improvements to the System described in Section 1.04.

20 Loan shall mean, collectively, the 2011A Loan and the 2011B Loan.

20 A Loan shall mean the loan from the USDA to the Town in an amount not to exceed \$3,000,000 to provide funds to pay a portion of the costs of the 2012 Project and to pay costs of issuance.

20 B Loan shall mean the loan from the USDA to the Town in an amount not to exceed \$300,000 to provide funds to pay a portion of the costs of the 2012 Project and to pay costs of issuance.

USDA shall mean the United States of America acting through Rural Utilities Service, United States Department of Agriculture, or any successor agency under Public Law 103-354.

Sewer System Fund shall mean the fund created by Section 7.01.

1.02. Rules of Interpretation.

A. All references in this Resolution to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of this Resolution as originally adopted.

B. The words “herein” and “hereunder” and other words of similar import without reference to any particular Section or subdivision refer to this Resolution as a whole and not to any particular Section or other subdivision unless the context clearly indicates otherwise.

C. The terms defined in Section 1.01 shall include the plural as well as the singular.

D. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles applicable to governmental entities.

E. All computations provided herein shall be made in accordance with generally accepted accounting principles applicable to governmental entities consistently applied.

F. “Or” is not intended to be exclusive, but to encompass one, more or all of the alternatives conjoined, unless the context hereof clearly requires otherwise.

1.03. Authorization. Under the Act, the Town is authorized to issue and sell its revenue bonds payable during a term not exceeding forty years from their date of issue, to provide funds for the reconstruction, improvement, betterment and extension of a municipal sewer system, provided that the bonds and the interest thereon are to be payable solely out of the income and revenues to be derived from rates, fees and charges for the services, facilities and commodities furnished by such sewer system, and are not to create any obligation for the payment of which taxes may be levied except to pay for services provided by the sewer system to the Town.

1.04. The 2012 Project. The Town with the assistance of the Consulting Engineer has determined the necessity of upgrading the System through the 2012 Project to meet certain state and federal requirements. The 2012 Project consists of the acquisition, construction and installation of various improvements to the System, including replacing the existing discharging facultative lagoon system with a facultative lagoon, storage lagoon, and slow rate land application system (irrigation system); installing liners in the new lagoons; moving four storm water inlets from the gravity sewer collection system to the storm sewer collection system; rehabilitating four sections of collection main; video inspecting, cleaning, and renovating approximately 15,000 feet of original clay tile main system; and related improvements. The estimated costs of the 2012 Project, including engineering and financing costs, are presently estimated to be \$5,300,000 and consist of the following items:

Steering Committee	\$6,000.00
ARRA Review	10,000.00
Administrative Order Services	2,600.00
Clean & Video Inspection of Sewer Mains	15,000.00
Land Acquisition	687,480.00
Land Acquisition Professional Services	32,500.00
Right-of-way & Permit Services	16,000.00
Environmental Services	15,000.00
Geotech Investigation	6,165.00
Agricultural Study	23,780.00

Basic Services – Preliminary & Final Design, Construction Management, Inspection, Close Out Services	526,055.00
Construction – Wastewater Collection	449,737.00
Construction – Wastewater System	2,845,637.00
Construction – Sludge Disposal	43,000.00
NorthWestern Energy Service Contract	208,426.00
Project Contingency	274,620.00
Personnel Costs	4,000.00
Office Costs	5,000.00
Grant Administration	57,500.00
WRDA Funding Services	4,000.00
Training	1,000.00
Legal Fees	12,500.00
Interim Interest	35,000.00
Bond Costs	15,000.00
Audit Fees	4,000.00
TOTAL	\$5,300,000.00

Costs of the 2012 Project in excess of \$3,300,000 are expected to be paid from a Water Resources Development Act grant in the amount of \$230,000, a Treasure State Endowment Program grant in the amount of \$750,000, a USDA Rural Development grant in the amount of \$750,000, a Department of Natural Resources and Conservation Grant in the amount of \$100,000, and funds the Town has on hand and available therefor in the amount of approximately \$170,000.

1.05. Outstanding Indebtedness. No other bonds or other indebtedness are outstanding that are secured by revenues of the System.

1.06. Net Revenues Available. The Town 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 2012 Note and the Series 20__ Bonds herein authorized the 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 20__ Bonds will be more than sufficient to pay the principal and interest when due on the Series 20__ Bonds, and to create and maintain reasonable reserves therefor and to provide an allowance for replacement and depreciation, as herein prescribed.

1.07. Sale and Authorization of Series 2012 Note. In anticipation of the receipt of the proceeds of the 20__ A Loan and the issuance and delivery of the Definitive Bond, and in order to provide funds during construction of the 2012 Project to pay the costs thereof, it is necessary that the Town provide for the issuance and sale of the Series 2012 Note under and pursuant to Section 7-7-109 of the Act. The Town has received an offer from the Board of Investments of the State of Montana, in Helena, Montana (the Original Purchaser thereof) to purchase the Series 2012 Note at a price of up to \$3,000,000, upon the further terms and conditions herein set forth. The terms and conditions of the offer are reasonable and advantageous to the Town and are

hereby accepted. The Town is authorized and shall proceed to issue and deliver the Series 2012 Note in the form and upon the terms and conditions provided in this Resolution.

1.08. Authorization of Series 20__ Bonds. Pursuant to the authority recited in Section 1.03 and for the purpose of paying and redeeming the Series 2012 Note and financing a portion of the cost of the 2012 Project, this Council hereby authorizes the issuance of the Series 20__ Bonds. The USDA has agreed, subject to the terms and conditions of the Commitment Letter, to lend the Town \$3,300,000 to finance a portion of the cost of the Project. The terms and conditions of the Loans, as set forth in Commitment Letter, are reasonable and advantageous to the Town and are hereby accepted. The Town has adopted a Loan Resolution, dated July 13, 2009, and February 13, 2012, and a Letter of Intent To Meet Conditions pursuant to which the Town has agreed to issue its Series 20__ Bonds, in the aggregate principal amount of \$3,300,000, in accordance with the provisions of this Resolution and the Commitment Letter.

It is hereby found and determined to be necessary and expedient for the Town to issue and sell to the USDA, pursuant to Montana Code Annotated, Section 7-7-4433(2)(a), the Series 20__ Bonds, to be designated as (i) "Sewer System Revenue Bond, Series 20__A" (the series designation to be completed with the calendar year in which the Series 20__A Bond is issued) in the maximum principal amount of \$3,000,000, at a price equal to its principal amount, upon satisfaction of the conditions precedent to the 20__A Loan, and (ii) "Sewer System Revenue Bond, Series 20__B" (the series designation to be completed with the calendar year in which the Series 20__B Bond is issued) in the maximum principal amount of \$300,000, at a price equal to its principal amount, upon satisfaction of the conditions precedent to the 20__B Loan.

1.09. Recitals. All acts, conditions and things required by the Constitution and laws of the State to be done, to exist, to happen and to be performed prior to the issuance of the Series 2012 Note have been done, do exist, have happened, and have been performed in due time, form and manner, wherefore it is now necessary for this Council to establish the form and terms of the Series 20__ Bonds and the Series 2012 Note, to provide for the security thereof and to issue the Series 2012 Note and to provide for the delivery of the Series 20__ Bonds.

Section 2. The Bonds.

2.01. General Title. The general title of the Bonds of all series shall be "Sewer System Revenue Bonds." Bonds of each series shall be titled so as to distinguish them from Bonds of all other series.

2.02. General Limitations; Issuable in Series. The aggregate principal amount of Bonds that may be authenticated and delivered and Outstanding under this Resolution is not limited, except as provided in Section 6 and except as may be limited by law.

The Bonds may be issued in series as from time to time authorized by the Council. With respect to the Bonds of any particular series, the Town may incorporate in or add to the general title of such Bonds any words, letters or fixtures designed to distinguish that series.

The Bonds shall be special, limited obligations of the Town. Principal of, premium, if any, and interest on the Bonds shall be payable solely from Net Revenues (other than to the extent payable out of proceeds of the Bonds). The Bonds shall not be or constitute a pledge of

the general credit or taxing powers of the Town of any kind whatsoever. Neither the Bonds nor any of the agreements or obligations of the Town contained herein shall be construed to constitute an indebtedness of the State or the Town within the meaning of any constitutional or statutory provisions whatsoever.

If the Stated Maturity for the payment of any interest on or principal of any Bond or if any Redemption Date or Sinking Fund Payment Date shall be a day which is not a Business Day, then such payment may be made on the next succeeding Business Day, with the same force and effect as if made on such Stated Maturity, Redemption Date or Sinking Fund Payment Date (whether or not such next succeeding Business Day occurs in a succeeding month).

2.03. Terms of Particular Series. Each series of Bonds (except the Series 20__ Bonds, which are created by Sections 4 and 5) shall be created by a Supplemental Resolution. The Bonds of each series (other than the Series 20__ Bonds, as to which specific provision is made in this Resolution) shall bear such date or dates, shall be payable at such place or places, shall have such Stated Maturities and Redemption Dates, shall bear interest at such rate or rates, from such date or dates, shall be payable in such installments and on such dates and at such place or places, and may be redeemable at such price or prices and upon such terms (in addition to the prices and terms herein specified for redemption of all Bonds) as shall be provided in the Supplemental Resolution creating that series, all upon such terms as the Town may determine. The Town may, at the time of the creation of any series of Bonds or at any time thereafter, make, and the Bonds of that series may contain provision for:

- A. a sinking, amortization, improvement or other analogous fund;
- B. limiting the aggregate principal amount of the Bonds of that series and of Additional Bonds thereafter to be issued;
- C. exchanging Bonds of that series, at the option of the Holders thereof, for other Bonds of the same series of the same aggregate principal amount of a different authorized kind or authorized denomination or denominations; or
- D. registration, transfer and delivery.

2.04. Form and Denominations of Particular Series. The form of the Bonds of each series (other than the Series 20__ Bonds, as to which specific provisions are made in Sections 4 and 5) shall be established by the provisions of the Supplemental Resolution creating such series. The Bonds of each series shall be distinguished from the Bonds of other series in such manner as the Council may determine.

The Bonds of each series shall be in such denominations as shall be provided in the Supplemental Resolution creating such series (other than the Series 20__ Bonds, as to which specific provisions are made in this Resolution). In the absence of any such provision with respect to the Bonds of any particular series, the Bonds of such series shall be in the denomination of \$5,000 or any integral multiple thereof of single maturities.

2.05. Execution and Authentication. The Bonds shall be executed on behalf of the Town by the manual or facsimile signature of the Mayor, and attested by the signature of the Town

Clerk-Treasurer (or other officers of the Town authorized by Town Resolution); provided that if required by applicable laws, one such signature on each Bond shall be a manual signature. The seal of the Town need not be affixed to or imprinted on any Bond. Any Bond bearing the manual or facsimile signature of an individual who was at any time an appropriate officer of the Town shall be valid and sufficient for all purposes, regardless whether such individual held such office as of the date of sale, issue or delivery of such Bond. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on each Bond need not be signed by the same representative. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution and in accordance with the provisions hereof.

2.06. Temporary Bonds. Pending the preparation of the Series 20__ Bonds, the Town, if authorized by law, may execute and deliver temporary Bonds which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers of the Town executing such Bonds may determine, as evidenced by their signing of such Bonds.

If temporary Bonds are issued, the Town will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Bonds the Town shall execute and deliver in exchange therefor a like principal amount of definitive Bonds of authorized denominations. Until so exchanged the temporary Bonds shall in all respects be entitled to the same security and benefits under this Resolution as definitive Bonds.

2.07. System of Registration. The Town shall appoint, and shall maintain, a bond registrar, transfer agent and paying agent for any series of Additional Bonds (with respect to such Bonds, the "Registrar"). This Section 2.07 shall, except as amended or supplemented by a Supplemental Resolution, establish a system of registration for any series of Additional Bond, as defined in the Model Public Obligations Registration Act of Montana. The effect of registration and the rights and duties of the Town and the Registrar with respect thereto shall be as follows:

(a) Bond Register. The Registrar shall keep at its principal office a Bond Register in which the Registrar shall provide for the registration of ownership of such Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of any such Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bond of the same series and a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may,

however, close the books for registration of the transfer of such Bond or portion thereof selected for redemption.

(c) Exchange of Bonds. Whenever any such Bond is surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Bonds of the same series and a like aggregate principal amount and maturity, as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. All Bonds surrendered upon any transfer or exchange shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the Town.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is legally authorized. The Registrar shall incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The Town and the Registrar may treat the Person in whose name any Bond is at any time registered in the Bond Register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the Town upon such Bond to the extent of the sum or sums to paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of a Bond (except for an exchange upon a partial redemption of any Bond), the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be lost, stolen or destroyed, the Registrar shall deliver a new Bond of like series, amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any such Bond lost, stolen or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond lost, stolen or destroyed, upon receipt by the Registrar of evidence satisfactory to it that such Bond was lost, stolen or destroyed, and of the ownership thereof, and upon receipt by the Registrar of an appropriate bond of indemnity in form, substance and amount satisfactory to it, in which both the Town and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the Town. If the mutilated, lost, stolen or destroyed Bond has already matured or such Bond has been called for redemption in accordance with its terms, it shall not be necessary to issue a new Bond before payment.

2.08. Priority of Payments. Each and all of the Bonds shall be equally and ratably secured without preference or priority of any one Bond over any other by reason of serial number, date of issue, series designation or otherwise; provided that if at any time the Net

Revenues on hand in the Fund are insufficient to pay principal and interest then due on all such Bonds, any and all Net Revenues then on hand shall be first used to pay the interest accrued on all Outstanding Bonds, and the balance shall be applied toward payment of the maturing principal of such Bonds to be paid first, and pro rata in payment of Bonds maturing on the same date.

Section 3. The Series 2012 Note.

3.01. General Terms. The Town shall forthwith issue the Series 2012 Note in the maximum principal amount of \$3,000,000. The Series 2012 Note shall be dated as of the date of its delivery. Upon each disbursement of the Series 2012 Note proceeds, the Board of Investments of the State of Montana shall enter the amount advanced on Schedule A attached thereto under "Advances" and the total amount advanced under this Resolution, including such disbursement, under "Total Amount Advanced." The Series 2012 Note shall be lettered and numbered R-1 and shall mature, subject to redemption as herein provided, on April 27, 2014 (the "Stated Maturity"), and shall bear interest on the principal amount thereof at the rate per annum equal to the Variable Rate (as hereinafter defined), as such may be adjusted from time to time as hereinafter provided. Interest shall be computed on the basis of the actual number of days in the year and the actual number of days the Series 2012 Note is outstanding. Principal and interest shall be payable on its Stated Maturity or upon earlier redemption of the Series 2012 Note.

Principal of the Series 2012 Note from time to time outstanding shall bear interest from the date of issuance thereof, as provided in this Section 3.01, until paid at the Variable Rate, as such may be adjusted from time to time as hereinafter provided. Until the initial Adjustment Date (as hereafter defined), the Variable Rate shall be one and twenty-five hundredths percent (1.25%) per annum. Thereafter, for the Adjustment Period (as hereafter defined), the Variable Rate shall be the rate per annum equal to the interest rate then borne by the Board of Investment's Annual Adjustable Rate Tender Option, Municipal Finance Consolidation Act Bonds (INTERCAP Revolving Program), plus up to one and one-half percent (1.50%) per annum, as certified by the Board of Investments as of the Adjustment Date, but in no event to exceed fifteen percent (15.00%) per annum. If for any reason the interest rate cannot be established as so provided or is held invalid or unenforceable by a court of law, the interest rate for the Series 2012 Note for the Adjustment Period shall be a rate equal to the largest integral multiple of five hundredths of one percent (0.05%) that is equal to or less than eighty percent (80%) of the average yield, evaluated at par, of United States Treasury obligations with a stated or remaining maturity of one year, as reported in *The Wall Street Journal* (Des Moines Edition) (or, if such paper is no longer published or fails to report such information, in any other financial periodical selected by the U.S. Bank National Association, of Seattle, Washington, and reasonably acceptable to the Holders of the Series 2012 Note) on the Adjustment Date or, if the Adjustment Date is not a Business Day, the next preceding Business Day, but in no event to exceed fifteen percent (15.00%) per annum. As used herein, "Adjustment Date" means each February 16 and "Adjustment Period" means the period beginning on an Adjustment Date and ending on the day before the next succeeding Adjustment Date or the final Stated Maturity of the Series 2012 Note, whichever is earlier; provided that if the Series 2012 Note is not paid at its final Stated Maturity, the final Adjustment Period with respect to the Series 2012 Note shall extend until it is paid or provision has been duly made for its payment.

3.02. Registration. The Series 2012 Note shall be fully registered as to both principal and interest and shall initially be registered in the name of and payable to the Original Purchaser thereof. The Town Clerk-Treasurer shall act as Note Registrar and as such shall establish and maintain a Note Register for the purpose of recording the names and addresses of the registered owners of the Series 2012 Note and the date of registration of any transfer.

3.03. Redemption. The Series 2012 Note shall be subject to redemption in whole but not in part, on any date, at the principal amount thereof plus accrued interest, without premium. Not less than 15 days before the date specified for redemption thereof, the Town Clerk-Treasurer shall mail notice of the redemption to the registered owner thereof at the address as it appears on the registration books of the Note Registrar.

3.04. Form of Series 2012 Note. The Series 2012 Note shall be prepared in substantially the form attached as Exhibit A to this Resolution, which is hereby incorporated herein and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution.

3.05. Assignment. The Series 2012 Note shall be transferable by the registered owner or attorney duly authorized in writing upon presentation thereof to the Town Clerk-Treasurer together with a written instrument of transfer satisfactory to the Town Clerk-Treasurer duly executed by the registered owner or its attorney. Such transfer shall be noted on the Series 2012 Note. Upon request of the registered owner or transferee, the Town shall execute and deliver another Series 2012 Note of a principal amount equal to the outstanding principal amount of the Series 2012 Note and maturing at the same time as the Series 2012 Note so transferred, and the Series 2012 Note so surrendered for transfer shall be promptly cancelled by the Town Clerk-Treasurer. No service charge shall be made for such transfer, but the Town may require payment of a sum sufficient to cover any tax, fee or governmental charge or other expense incurred by the Town with respect to such transfer. Until and unless otherwise provided by resolution of this Council, the following shall be a sufficient written instrument of transfer within the meaning of this Section 3.05:

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto: _____ the Sewer System Revenue Bond Anticipation Note, Series 2012, No. R-_, of the Town of Whitehall, Montana, and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Registered Owner

3.06. Preparation, Execution and Delivery of Series 2012 Note. The Series 2012 Note shall be issued and delivered to the Original Purchaser thereof upon payment of the purchase price thereof. The Series 2012 Note shall be prepared under the direction of the Town Clerk-

Treasurer and when so prepared shall be executed on behalf of the Town by the Mayor and the Town Clerk-Treasurer, and sealed with the corporate seal of the Town. When the Note has been so executed, it shall be delivered by the Town Clerk-Treasurer to the Original Purchaser thereof, and the Original Purchaser shall not be required to see to the application thereof.

3.07. The Loan. The Town will observe and perform all of its obligations and duties under and do all acts and things as may be necessary or appropriate to satisfy the terms and conditions of the Commitment Letter described in Section 1.08 of this Resolution, and all other regulations and requirements of the USDA relating to the Loan and the receipt of the proceeds therefrom to the end that the Loan may be closed and the Definitive Bond issued and delivered in evidence thereof on or before the maturity of the Series 2012 Note.

3.08. Issuance of Definitive Bond. The Series 2012 Note shall be payable solely from and secured by the Net Revenues and other revenues and income pledged and appropriated and from time to time credited to the Note Account, including the proceeds of the Definitive Bond. The Series 2012 Note is issued in anticipation of the Net Revenues to be received and credited to the Note Account prior to the maturity thereof and the proceeds to be received upon the sale and issuance of up to \$3,000,000 principal amount of the Series __A Bond authorized by Section 4 this Resolution and to be issued and sold by the Town prior to the maturity of the Note to refund the principal amount thereof then outstanding.

The Town hereby covenants and agrees for the benefit from time to time of the owners of the Series 2012 Note that on or before April 27, 2014, it will authorize, issue and offer for sale and use its best efforts to sell the Definitive Bond or other Additional Bonds to refund the Series 2012 Note at its stated maturity. In the event the Town is unable to sell the Definitive Bond herein authorized or such Additional Bonds, the Holders of the Series 2012 Note shall be entitled, at their option, to exchange the Series 2012 Note for one or more Definitive Bond amortized in semiannual installments over a ten-year period or fifteen-year period (at the election of the Holders of the Series 2012 Note) and bearing interest at a rate equal to the Variable Rate as defined in Section 3.01 of this Resolution on a par-for-par basis, and the Town covenants and agrees to increase the rates and charges of the System, if necessary, to comply with Section 8.09 within 18 months after the date of issuance thereof.

3.09. Increase in Rates and Charges. It is expressly understood that the Definitive Bond will be payable from and secured by the Net Revenues of the System. The Town hereby covenants and agrees with the Holder of the Series 2012 Note that the Town has increased the rates, charges and rentals for all services directly or indirectly furnished by the System, effective as of May 2012, such that such rates, charges and rentals are reasonable and expected to be sufficient to produce Net Revenues of the System in each Fiscal Year, not less than 110% of the maximum Principal and Interest Requirements on the Definitive Bond, commencing with the Fiscal Year ending June 30, 2013.

3.10. Application of Proceeds. All of the proceeds of the Series 2012 Note shall be deposited in the Construction Account established in and pursuant to Section 7.02 hereof and used solely to defray expenses of the 2012 Project and costs of issuance or to the transfer to the Note Account, created pursuant to Section 7.09 of this Resolution, to the extent necessary, of amounts sufficient for the payment of interest and principal due upon the Series 2012 Note.

Section 4. The Series 20 A Bond.

4.01. Date, Maturity and Interest. The Series 20__A Bond to be issued and sold pursuant to this Resolution shall be designated a Sewer System Revenue Bond, Series 20__A [the series designation to be completed with the calendar year in which the Series 20__A Bond is issued], shall be in the maximum principal amount of \$3,000,000, shall be one in number, shall be dated as of the date of delivery to and payment therefor by the USDA, and shall bear interest at the rate of three and three-quarters percent (3.75%) per annum. Interest shall be computed on the basis of a 365-day year based on the actual number of days elapsed. Assuming the full principal amount of the Series 20__A Bond is advanced, principal of and interest on the Series 20__A Bond shall be payable in equal amortized monthly installments of \$12,090 commencing on the same date as the date of issuance of the Series 20__A Bond in the calendar month next succeeding the calendar month containing such date of issuance, but no later than the 28th day of the month, and the final installment being due and payable not later than forty (40) years from the date of issuance of the Series 20__A Bond. The final payment will be in such lesser or greater amount as is necessary to pay the balance of principal and interest then remaining due. Such installment payments shall be made to the registered holder of the Series 20__A Bond, at its address as it appears on the Bond Register on the date such principal and interest are payable, or as otherwise provided in Section 4.02, in lawful money of the United States of America. In the event a portion of the principal amount of the Series 20__A Bond is used to pay costs of the 2012 Project, and not to redeem the Series 2012 Note, amounts shall be advanced for such purpose in the same manner as described in Section 5.01, but relating to the Series 20__A Bond.

4.02. Registration. The Series 20__A Bond shall be fully registered as to both principal and interest and shall be initially registered in the name of and payable to the United States of America acting through Rural Utilities Service, United States Department of Agriculture. While held by the United States of America acting through Rural Utilities Service, United States Department of Agriculture, the address of the registered holder shall be the Office of the Deputy Chief Financial Officer, USDA, at 4300 Goodfellow Boulevard, St. Louis, Missouri 63120, or such other address as the USDA may designate in writing and delivered to the Registrar for the Series 20__A Bond, and principal of and interest on the Series 20__A Bond shall be payable at the State Office of the USDA Rural Development, at 2229 Boot Hill Court, Bozeman, Montana 59715, or such other place as may be designated by the USDA in writing and delivered to the Registrar for the Series 20__A Bond. The Town Clerk-Treasurer and her successors in office shall act as Registrar for the Series 20__A Bond and as such shall establish and maintain a Bond Register for the purpose of recording the names and addresses of the registered holder or assigns of the Series 20__A Bond, and the date of registration. The Town reserves the right to appoint a successor Registrar which may be a financial institution. The Town shall pay all fees and charges of such Registrar for such services.

4.03. Redemption. The Town shall have the right, on any installment payment date to redeem installments of principal of the Series 20__A Bond, in whole or in part, and if in part, in multiples of \$1,000, at a price equal to the principal amount to be redeemed plus accrued interest without premium; provided, that so long as the Series 20__A Bond is registered in the name of the United States of America, the Town may redeem all or any portion of the principal on any

date without penalty or premium. All such prepayments shall be applied to installments of principal in inverse order of their maturity dates. The Town Clerk-Treasurer shall, at least 30 days prior to the designated redemption date, cause notice of the redemption to be mailed to the registered holder of the Bond at its address as it appears in the bond register described in Section 4.02. The Registrar shall enter in the Bond Register the amount and date of each prepayment.

4.04. Assignment and Exchange. The Series 20__A Bond shall be transferable by the registered owner or its attorney duly authorized in writing upon presentation thereof to the Registrar together with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or its attorney. The following form of assignment shall be sufficient for the purpose:

For value received _____
_____ hereby sells, assigns and transfers unto
_____ the within Bond of the Town of Whitehall,
Montana, and does hereby irrevocably constitute and appoint
_____, Attorney, to transfer said Bond on the books of
said Town with full power of substitution in the premises.

Dated: _____

Registered Owner

Such transfer shall also be noted on the Series 20__A Bond and in the Bond Register. Upon request of the registered owner or transferee, and upon surrender of any Series 20__A Bond, the Town shall execute and deliver, and the Registrar shall authenticate, one or more bonds, in an aggregate principal amount (and, if more than one bond is to be issued, in denominations that are multiples of \$1,000, to the extent practicable) equal to the principal amount of the Series 20__A Bond that then remains unpaid, and maturing at the same time or times as the then unpaid principal installments of the Series 20__A Bond, and the Series 20__A Bond shall be promptly cancelled by the Registrar. No service charge shall be made for such transfer or exchange, but the Town may require payment of a sum sufficient to cover any tax, fee or governmental charge or other expense incurred by the Town with respect to such exchange. In the event of a request for the issuance of more than one new bond upon any such exchange, the Town Council shall, by resolution, make such provisions relative to the form of such bonds as shall be deemed necessary or desirable to ensure that the terms of and the security for the indebtedness represented by the Series 20__A Bond shall not be varied in any material respect by reason of such exchange.

4.05. Execution and Delivery. The Series 20__A Bond shall be prepared under the direction of the Town Clerk-Treasurer and shall be executed on behalf of the Town by the signature of the Mayor and countersigned by the Town Clerk-Treasurer, and sealed with the official corporate seal of the Town. When the Series 20__A Bond has been executed, the Town Clerk-Treasurer shall cause it to be dated as of the date of delivery and delivered to the USDA, as the Original Purchaser thereof, upon payment of the purchase price heretofore agreed upon, and the USDA shall not be obligated to see to the application of the purchase price.

4.06. Refinancing. If, at any time it shall appear to the Rural Utilities Service that the Town is able to refinance the principal amount of the Series 20__A Bond then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources at reasonable rates and terms for loans for similar purposes and periods of time, the Town will, upon request of the USDA, apply for and accept such loan in a sufficient amount to repay the USDA and will take all such action as may be required in connection with such loan.

4.07. Transcript Certification. The officers of the Town are directed to furnish to Bond Counsel and the USDA certified copies of all proceedings and information in their official records relevant to the authorization, sale, execution and issuance of the Series 20__A Bond, and such certificates and affidavits as to other matters appearing in their official records or otherwise known to them as may be reasonably required to evidence the validity and security of the Series 20__A Bond, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations and recitals of the Town as to the correctness of all facts stated therein and the completion of all proceedings stated therein to have been taken.

4.08. Form of Series 20__A Bond. The Series 20__A Bond shall be prepared in substantially the form attached as Exhibit B to this Resolution, which is hereby incorporated herein and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution.

4.09. Appropriation of Series 20__A Bond Proceeds. The proceeds of the Series 20__A Bond are appropriated to the Note Account to the extent required to pay principal of and interest on the Series 2012 Note and otherwise to the Construction Account in the Sewer System Fund and applied to the costs of the 2012 Project, including costs of issuance of the Series 20__A Bond.

Section 5. The Series 20__B Bond.

5.01. Disbursements. Amounts will be advanced under the Series 20__B Bond only after the full principal amount of the Series 20__A Bond is advanced and only to the extent needed by the Town. Subject to the Town's satisfaction of the terms and conditions herein and of the Commitment Letter, the Purchaser shall, upon the Town's request, disburse to the Town all or a portion of the 20__B Loan within ten Business Days after a request therefor, provided that disbursements will not be made more frequently than once every 30 days. Before or upon each disbursement of the 20__B Loan, the Purchaser shall note such disbursement of principal of the Series 20__B Bond on Schedule A to the Series 20__B Bond under "Advances" and the total amount then advanced, including such disbursement, under "Total Amount Advanced," which entry the Town shall confirm prior to the attachment of Schedule A to the Series 20__B Bond. The payments of principal and interest shall be due as specified in Section 5.02 and in the amounts shown on Schedule B to the Series 20__B Bond, as such Schedule B shall be modified from time to time by the Purchaser before or upon each disbursement, the modification of which the Town shall confirm prior to the attachment of Schedule B to the Series 20__B Bond. Once construction of the 2012 Project has been completed, the Town shall so notify the Purchaser, and the Purchaser and the Town shall agree on the final Schedule B, which shall thereupon be attached to the Series 20__B Bond.

5.02. Date, Maturity and Interest. The Series 20__B Bond to be issued and sold pursuant to this Resolution shall be designated a Sewer System Revenue Bond, Series 20__B [the series designation to be completed with the calendar year in which the Series 20__B Bond is issued], shall be in the maximum principal amount of \$300,000, shall be one in number, shall be dated as of the date of delivery to and payment therefor by the USDA, and shall bear interest at the rate of three percent (3.00%) per annum. Interest shall be computed on the basis of a 365-day year based on the actual number of days elapsed. Assuming the full principal amount of the Series 20__B Bond is advanced, principal of and interest on the Series 20__B Bond shall be payable in equal amortized monthly installments of \$1,074 commencing on the same date as the date of issuance of the Series 20__B Bond in the calendar month next succeeding the calendar month containing such date of issuance, but no later than the 28th day of the month, and the final installment being due and payable not later than forty (40) years from the date of issuance of the Series 20__B Bond. The final payment will be in such lesser or greater amount as is necessary to pay the balance of principal and interest then remaining due. Such installment payments shall be made to the registered holder of the Series 20__B Bond, at its address as it appears on the Bond Register on the date such principal and interest are payable, or as otherwise provided in Section 5.03, in lawful money of the United States of America.

5.03. Registration. The Series 20__B Bond shall be fully registered as to both principal and interest and shall be initially registered in the name of and payable to the United States of America acting through Rural Utilities Service, United States Department of Agriculture. While held by the United States of America acting through Rural Utilities Service, United States Department of Agriculture, the address of the registered holder shall be the Office of the Deputy Chief Financial Officer, USDA, at 4300 Goodfellow Boulevard, St. Louis, Missouri 63120, or such other address as the USDA may designate in writing and delivered to the Registrar for the Series 20__B Bond, and principal of and interest on the Series 20__B Bond shall be payable at the State Office of the USDA Rural Development, at 2229 Boot Hill Court, Bozeman, Montana 59715, or such other place as may be designated by the USDA in writing and delivered to the Registrar for the Series 20__B Bond. The Town Clerk-Treasurer and her successors in office shall act as Registrar for the Series 20__B Bond and as such shall establish and maintain a Bond Register for the purpose of recording the names and addresses of the registered holder or assigns of the Series 20__B Bond, and the date of registration. The Town reserves the right to appoint a successor Registrar which may be a financial institution. The Town shall pay all fees and charges of such Registrar for such services.

5.04. Redemption. The Town shall have the right, on any installment payment date to redeem installments of principal of the Series 20__B Bond, in whole or in part, and if in part, in multiples of \$1,000, at a price equal to the principal amount to be redeemed plus accrued interest without premium; provided, that so long as the Series 20__B Bond is registered in the name of the United States of America, the Town may redeem all or any portion of the principal on any date without penalty or premium. All such prepayments shall be applied to installments of principal in inverse order of their maturity dates. The Town Clerk-Treasurer shall, at least 30 days prior to the designated redemption date, cause notice of the redemption to be mailed to the registered holder of the Bond at its address as it appears in the bond register described in Section 5.03. The Registrar shall enter in the Bond Register the amount and date of each prepayment.

5.05. Assignment and Exchange. The Series 20__B Bond shall be transferable by the registered owner or its attorney duly authorized in writing upon presentation thereof to the Registrar together with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or its attorney. The following form of assignment shall be sufficient for the purpose:

For value received _____
_____ hereby sells, assigns and transfers unto
_____ the within Bond of the Town of Whitehall,
Montana, and does hereby irrevocably constitute and appoint
_____, Attorney, to transfer said Bond on the books of
said Town with full power of substitution in the premises.

Dated: _____

Registered Owner

Such transfer shall also be noted on the Series 20__B Bond and in the Bond Register. Upon request of the registered owner or transferee, and upon surrender of any Series 20__B Bond, the Town shall execute and deliver, and the Registrar shall authenticate, one or more bonds, in an aggregate principal amount (and, if more than one bond is to be issued, in denominations that are multiples of \$1,000, to the extent practicable) equal to the principal amount of the Series 20__B Bond that then remains unpaid, and maturing at the same time or times as the then unpaid principal installments of the Series 20__B Bond, and the Series 20__B Bond shall be promptly cancelled by the Registrar. No service charge shall be made for such transfer or exchange, but the Town may require payment of a sum sufficient to cover any tax, fee or governmental charge or other expense incurred by the Town with respect to such exchange. In the event of a request for the issuance of more than one new bond upon any such exchange, the Town Council shall, by resolution, make such provisions relative to the form of such bonds as shall be deemed necessary or desirable to ensure that the terms of and the security for the indebtedness represented by the Series 20__B Bond shall not be varied in any material respect by reason of such exchange.

5.06. Execution and Delivery. The Series 20__B Bond shall be prepared under the direction of the Town Clerk-Treasurer and shall be executed on behalf of the Town by the signature of the Mayor and countersigned by the Town Clerk-Treasurer, and sealed with the official corporate seal of the Town. When the Series 20__B Bond has been executed, the Town Clerk-Treasurer shall cause it to be dated as of the date of delivery and delivered to the USDA, as the Original Purchaser thereof, upon payment of the purchase price heretofore agreed upon, and the USDA shall not be obligated to see to the application of the purchase price.

5.07. Refinancing. If, at any time it shall appear to the Rural Utilities Service that the Town is able to refinance the principal amount of the Series 20__B Bond then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources at reasonable rates and terms for loans for similar purposes and periods of time, the Town will, upon request of the USDA, apply for and accept such loan in a sufficient amount to repay the USDA and will take all such action as may be required in connection with such loan.

5.08. Transcript Certification. The officers of the Town are directed to furnish to Bond Counsel and the USDA certified copies of all proceedings and information in their official records relevant to the authorization, sale, execution and issuance of the Series 20__B Bond, and such certificates and affidavits as to other matters appearing in their official records or otherwise known to them as may be reasonably required to evidence the validity and security of the Series 20__B Bond, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations and recitals of the Town as to the correctness of all facts stated therein and the completion of all proceedings stated therein to have been taken.

5.09. Form of Series 20__B Bond. The Series 20__B Bond shall be prepared in substantially the form attached as Exhibit B to this Resolution, which is hereby incorporated herein and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution.

5.10. Appropriation of Series 20__B Bond Proceeds. The proceeds of the Series 20__B Bond, if issued, are appropriated to the Construction Account in the Sewer System Fund and applied to the costs of the 2012 Project, including costs of issuance of the Series 20__B Bond.

Section 6. Additional Obligations.

6.01. General Provisions. In addition to the Series 20__Bonds, whose issuance and delivery is provided for in Sections 4 and 5, Additional Bonds may at any time and from time to time be issued, sold and delivered by the Town but only upon compliance with the conditions of this Section and upon filing with the Town Clerk-Treasurer of the following:

A. A Supplemental Resolution creating the designated series of Additional Bonds and authorizing the issuance and the sale thereof to the Original Purchaser or Purchasers named therein for the purchase price set forth therein;

B. An Opinion of Bond Counsel stating in effect:

(1) that all conditions precedent provided for in the Resolution relating to the issuance and delivery of such Additional Bonds have been complied with, including any conditions precedent specified in this Section;

(2) that the series of Additional Bonds when issued and delivered by the Town will be valid and binding special, limited obligations of the Town in accordance with their terms and this Resolution and entitled to the benefits of and secured by this Resolution; and

(3) that the issuance of such Additional Bonds will not adversely affect the exemption from federal income taxation of the interest on any Bonds then Outstanding; and

C. A certificate signed by the Mayor and Town Clerk-Treasurer stating that the Town is not then in default under this Resolution and that on the date of issuance of such Additional Bonds the balance in the Reserve Account equals the Reserve Requirement, or the Town has provided for increasing the balance in the Reserve Account to the Reserve Requirement upon the

issuance of such Additional Bonds, calculated assuming the issuance of such Additional Bonds, within 36 months after the date of issuance of the Additional Bonds in not less than equal monthly installments.

D. If the Additional Bonds are issued to pay the costs of completing the 2012 Project which may not be paid from any other sources, a certificate signed by the Mayor and the Town Clerk-Treasurer to that effect.

E. If the Additional Bonds are issued to finance a Project other than the 2012 Project, (i) if the Series 20__ Bonds are then Outstanding, the written consent of the USDA, if it is the Holder of the Series 20__ Bonds, is obtained; and (ii) a certificate or report from an Independent Accountant or engineer (hereinafter, the "Independent Consultant") stating that the Net Revenues in the Fiscal Year immediately preceding the issuance of such Additional Bonds were at least equal to 110% of the maximum Principal and Interest Requirements for any future Fiscal Year (during the term of the then Outstanding Bonds) with respect to the Outstanding Bonds and the Additional Bonds proposed to be issued; provided, however, that the requirements of clause (ii) hereof may be waived or modified by the Holders of not less than 75% in principal amount of the then Outstanding Bonds. For purposes of the preceding sentence, if the Town has increased the rates, fees, charges and rentals for the benefit and availability of the System and such rates, fees and charges are in effect at the time of issuance of the Additional Bonds or finally authorized to go into effect within 60 days thereafter or if the Town has extended the System to serve additional ratepayers since the beginning of the preceding Fiscal Year, the Independent Consultant may adjust the historical Net Revenues of the System for the preceding Fiscal Year to include Net Revenues which, in the opinion of the Independent Consultant would have been received had such increased rates, fees, charges and rentals been in effect during the entire preceding Fiscal Year or had such extension of the System been placed in service at the beginning of the preceding Fiscal Year. In addition, if the Independent Consultant determines that additional Operating Expenses will be incurred because of the proposed Project, the annual additional Operating Expenses shall be added to the Operating Expenses for the preceding Fiscal Year in determining Net Revenues for purposes of the first sentence of this paragraph.

F. If the Additional Bonds are issued to refund any one or more Bonds then Outstanding, there is to be filed with the Town Clerk-Treasurer:

(1) (i) a report of an Independent Accountant to the effect that (a) the proceeds (excluding accrued interest but including any premium) of the Additional Bonds plus any money available and to be withdrawn from the Debt Service Account or the Reserve Account for such purpose, will not be less than an amount sufficient to pay the principal of and redemption premium, if any, on the Outstanding Bonds to be refunded and the interest which will become due and payable on and before the Redemption Dates or Stated Maturities of the Bonds to be refunded; provided, however, if the Holder of the Bonds to be refunded under clause (i)(a) delivers a certificate that the foregoing amount will not be less than an amount sufficient to pay the principal of and redemption premium, if any, on the Outstanding Bonds to be refunded and the interest which will become due and payable on and before the Redemption Dates or Stated Maturities of the Bond to be refunded, then the report of the Independent Accountant shall not be necessary, or (b) from such proceeds there shall be deposited in an Escrow Account in trust, Government Obligations which do not permit the redemption thereof at the option of the issuer,

the principal of and the interest on which when due and payable (or redeemable at the option of the holder thereof) will provide, together with any other money which shall have been deposited irrevocably in the Escrow Account for such purpose, but without reinvestment, sufficient money to pay such principal, any redemption premium and interest; or

(ii) if the Supplemental Resolution authorizing the issuance of the refunding Bonds provides for the creation of an escrow account with a bank qualified by law as an escrow agent for this purpose and provides that amounts in such escrow fund are pledged only to and may be used only for the payment of the principal of, if any, or interest on the Additional Bonds until the first optional redemption date of the Outstanding Bonds to be refunded at which time such amounts must be transferred to the Debt Service Account and used to pay the principal of and premium, if any, on the Outstanding Bonds to be refunded, a report of an Independent Accountant to the effect that the proceeds of such Additional Bonds to be deposited in such escrow account are in an amount sufficient to pay the principal, if any, and interest on the Additional Bonds payable until the first optional redemption date of the Outstanding Bonds to be refunded and to pay the principal of and premium, if any, on all Outstanding Bonds to be refunded on such date; and

(2) (x) if the Principal and Interest Requirements of the Additional Bonds exceed in any Fiscal Year by more than 5% the Principal and Interest Requirements of the Outstanding Bonds to be refunded, (y) if not all Outstanding Bonds of a series are to be refunded and if the first Stated Maturity of the series of Additional Bonds proposed to be issued is earlier than the final Stated Maturity of any Outstanding Bonds of such series not to be refunded, or (z) if the Series 20__ Bonds would remain Outstanding after the issuance of the Additional Bonds, the consent of the Holder of the Series 20__ Bonds, and a certificate or report of an Independent Consultant as would be required under the preceding paragraph E of this Section.

Section 6.02. Additional Notes. In addition to the Series 2012 Note, the Town may from time to time issue Additional Notes in anticipation of the issuance of Additional Bonds subject to the following conditions:

(a) the Additional Bonds in anticipation of which the Notes are issued, assuming a maximum rate of interest on such Bonds, shall be authorized to be issued under Section 6.01,

(b) the payment of interest on the Notes from the Net Revenues shall be subordinated to Outstanding Bonds and the principal of the Notes shall be payable solely from the proceeds of the Additional Bonds, unless the Town is unable to sell the Additional Bonds, in which case the Notes shall be exchanged, at the option of the Holders of the Notes, for the Additional Bonds on a par-for-par basis at an interest rate equal to the maximum rate assumed in subsection (a) of this Section 6.02, and

(c) the Notes shall have Stated Maturities within two years after their date of issue.

The Town reserves the right to issue Additional Notes from time to time to pay the principal of or interest on Outstanding Notes.

Section 6.03. Subordinate Lien Obligations. Notwithstanding the foregoing provisions of this Section 6, nothing contained in this Resolution, the Series 2012 Note or the Series 20__

Bonds shall be construed to preclude the Town from issuing additional obligations when necessary for the enlargement, improvement or extension of the System without compliance with Section 6.01; provided such additional obligations are expressly made a charge on and are payable only from the Surplus Net Revenues, as defined in Section 7.06, and are subordinate to the Bonds payable from the Debt Service Account and to Outstanding Notes payable from the Note Account and provided further, that if the Series 20__ Bonds are then outstanding, the written consent of the Holder of such bond is obtained; provided, however, no obligations may be issued pursuant to this Section 6.03 if a deficiency exists in the Debt Service Account, the Note Account or the Reserve Account which is not to be restored by the issuance of the subordinate obligations. Any Surplus Net Revenues segregated to pay or secure such subordinate lien obligations in the Sewer System Fund are subject to the prior appropriation thereof to the Operating Account, the Debt Service Account, the Reserve Account, the Note Account or the Rebate Account if necessary to meet the requirements thereof.

Section 7. Sewer System Fund.

7.01. Proceeds and Revenues Pledged and Appropriated. A special Sewer System Fund is hereby created and shall be maintained as a separate bookkeeping account on the official books of the Town until all Obligations and interest and redemption premiums due thereon have been fully paid, or the Town's obligations with reference to such Obligations has been discharged as provided in Section 10. All proceeds of Obligations and all other funds presently on hand derived from the operation of the System are irrevocably pledged and appropriated to the Sewer System Fund. In addition, there is hereby irrevocably pledged and appropriated to the Sewer System Fund all Revenues. Within the Sewer System Fund shall be separate accounts designated and described in Sections 7.02 through 7.09, to segregate income and expenses received, paid and accrued for the respective purposes described in those sections. The Revenues received in the Sewer System Fund shall be apportioned monthly as of the first day of each month, commencing on the first day of the month immediately following the date of closing of the Series 2012 Note.

7.02. Construction Account. The Construction Account is hereby established as a separate account within the Sewer System Fund. Upon delivery of the Series 2012 Note, the Town shall credit to the Construction Account the proceeds of the Series 2012 Note, to be applied to the payment of costs of the 2012 Project, including costs of issuance of the Series 2012 Note. Upon delivery of the Definitive Bond and the Series 20__B Bond, the Town shall credit to the Construction Account, the proceeds of the Definitive Bond, if any, in excess of the amounts thereof to be deposited to the Note Account, and the proceeds of the Series 20__B Bond to be applied to the payment of costs of the 2012 Project, including costs of issuance of the Series 20__ Bonds. The Construction Account shall be used only to pay as incurred and allowed Project costs, which under generally accepted accounting principles are capital costs of Projects authorized in accordance with law, including but not limited to payments due for work and materials performed and delivered under construction contracts, architectural, engineering, inspection, supervision, fiscal and legal expenses, the cost of lands and easements, interest accruing on Bonds during the period of construction of the Project financed thereby and for six months thereafter, if and to the extent that funds on hand in the Debt Service Account or the Note Account are not sufficient for payment of such interest, reimbursement of any advances made from other Town funds, and all other expenses incurred in connection with the

construction and financing of such Projects including the costs of issuance of Bonds and Notes. To the Construction Account shall be credited as received all proceeds of Obligations issued to finance Projects and any other funds appropriated by the Town for an improvement, betterment or extension to the System, and all income received from the investment of the Construction Account. Upon completion of a Project for which Bond proceeds have been credited to the Construction Account, the balance of such Bond proceeds remaining in the Construction Account may be used to pay the cost of other capital improvements to the System to the extent permitted by the Act but if and to the extent not so used shall be transferred to the Reserve Account to the extent required to establish the Reserve Requirement therein and, to the extent not so required, to the Debt Service Account. Upon completion of a Project for which Note proceeds have been credited to the Construction Account, the balance of such Note proceeds remaining in the Construction Account may be used to pay the cost of other capital improvements to the System to the extent permitted by the Act and the Resolution but if and to the extent not so used shall be transferred to the Note Account.

7.03. Operating Account. The Operating Account is hereby established as a separate account within the Sewer System Fund. As of each monthly apportionment there shall be set aside and credited to the Operating Account, as a first charge on the Revenues, such amount as may be required over and above the balance then held in the Operating Account to pay the reasonable and necessary Operating Expenses of the System which are then due and payable, or are to be paid prior to the next monthly apportionment. Operating Expenses shall not include any allowance for interest expense or depreciation, renewals or replacements of capital assets of the System and shall not include any portion of the salaries or wages paid to any officer or employee of the Town, except such portion as shall represent reasonable compensation for the performance of duties necessary to the operation of the System. An operating reserve within the Operating Account is to be accumulated and maintained in an amount equal to the average monthly Operating Expenses for the preceding Fiscal Year or for another period selected by the Council, not less than six consecutive months of the preceding eighteen months. Money in the Operating Account shall be used solely for the payment of current Operating Expenses of the System.

7.04. Debt Service Account. The Debt Service Account is hereby established as a separate account within the Sewer System Fund. As of each monthly apportionment there shall be credited to the Debt Service Account out of the Net Revenues remaining after the credit to the Operating Account an amount equal to the principal of and interest on the Series 20__B Bond and any Additional Bonds Outstanding that are payable monthly payable on the next succeeding installment payment date and, if Additional Bonds are Outstanding that are payable semi-annually, an amount equal to not less than one-sixth of the interest due within the next six months on all such Additional Bonds then Outstanding and one-twelfth of the principal, if any, to become due within the next twelve months on all such Additional Outstanding Bonds; provided that the Town shall be entitled to reduce a monthly apportionment by the amount of any surplus previously credited and then on hand in the Debt Service Account. Money from time to time held in the Debt Service Account shall be disbursed only to meet payments of principal of and interest on the Bonds as such payments become due; provided that on any date when the amount then on hand in the Debt Service Account, plus the amount in the Reserve Account allocable to a series of Bonds, are sufficient with other moneys available for the purpose to pay or discharge all Bonds of that series and the interest accrued thereon in full, they may be used for that purpose.

If any payment of principal or interest becomes due when money in the Debt Service Account is temporarily insufficient therefor, such payment shall be advanced from the Debt Service Account from transfers thereto of available funds then on hand in the Reserve Account, the Repair and Replacement Account or the Surplus Account, in that order.

7.05. Reserve Account. The Reserve Account is hereby established as a separate account within the Sewer System Fund. Subject to any additional funding requirements resulting from the issuance of any Additional Bonds, commencing with the monthly amortization payments under Sections 4.01 and 5.02 with regard to the Series 20__ Bonds and simultaneously therewith throughout the first ten years of such payments, and in addition to and from the Net Revenues remaining after each monthly credit to the Debt Service Account required by Section 7.04, the Town shall credit to the Reserve Account in regards to the Series 20__A Bond a minimum of \$1,209 per month (or, in the event less than the total principal amount of the Series 20__A Bond is advanced, such lesser amount as will be necessary to total the initial Reserve Requirement in 120 equal monthly installments) to accumulate over such period in respect of the Series 20__A Bond a balance in the Reserve Account equal to \$145,080 (the initial Reserve Requirement for the Series 20__A Bond assuming all of the principal amount of the Series 20__A Bond is advanced) or such lesser amount to equal the initial Reserve Requirement on the total principal amount of the Series 20__A Bonds advanced, and in regards to the Series 20__B Bond a minimum of \$108 per month (or, in the event less than the total principal amount of the Series 20__B Bond is advanced, such lesser amount as will be necessary to total the initial Reserve Requirement in 120 equal monthly installments) to accumulate over such period in respect of the Series 20__B Bond a balance in the Reserve Account equal to \$12,888 (the initial Reserve Requirement for the Series 20__B Bond assuming all of the principal amount of the Series 20__B Bond is advanced) or such lesser amount to equal the initial Reserve Requirement on the total principal amount of the Series 20__B Bonds advanced. Thereafter, upon each monthly apportionment, if the balance in the Reserve Account is less than the Reserve Requirement, all Net Revenues in the Sewer System Fund remaining after the required credit to the Debt Service Account shall be credited to the Reserve Account until the balance therein equals the Reserve Requirement. If the monthly credit of \$1,317 (or such lesser monthly amount as is required to be deposited to the Reserve Account) would cause the Reserve Requirement to be exceeded, such monthly credit shall not be required to be made, unless and until the balance in the Reserve Account should be less than the Reserve Requirement, in which case, the Town shall cause the amount in the Reserve Account to equal the Reserve Requirement as soon as practicable and in any event shall resume depositing \$1,317 per month (or such lesser monthly amount as is required to be deposited to the Reserve Account) into the Reserve Account until the Reserve Requirement is satisfied.

If on any Interest Payment Date or Principal Payment Date there shall exist a deficiency in the Debt Service Account, the Town shall immediately transfer from the Reserve Account to the Debt Service Account an amount equal to such deficiency.

If the Town issues Additional Bonds the Town shall, upon issuance of the Additional Bonds or within 36 months thereafter, in not less than equal monthly installments, from the Net Revenues remaining after the apportionment to the Debt Service Account, increase the balance in the Reserve Account to the Reserve Requirement, calculated after giving effect to the issuance of such Additional Bonds.

Except as provided in Section 7.08, money held in the Reserve Account shall be used only to pay maturing principal and interest when money in the Debt Service Account is insufficient therefor or to pay or defease a series of Bonds as provided in Section 7.04.

If at any time (including, but not limited to, any Principal Payment Date and any Redemption Date), the balance in the Reserve Account exceeds the Reserve Requirement, the Town shall transfer such excess to the Debt Service Account to meet the requirements thereof or to the Repair and Replacement Account.

7.06. Repair and Replacement Account. The Repair and Replacement Account is hereby established as a separate account within the Sewer System Fund. As of each monthly apportionment, there shall be credited to the Repair and Replacement Account such portion of the Net Revenues, in excess of the current requirements of the Debt Service Account, the Reserve Account, and the Note Account (which portion of the Revenues is referred to herein as "Surplus Net Revenues"), as the Town shall determine to be required for replacement or renewal of worn out, obsolete or damaged properties and equipment of the System, provided, however, that if the Series 20__ Bonds are Outstanding and if the balance in the Reserve Account equals the maximum Reserve Requirement and the Town is otherwise in compliance with its covenants herein, the amount in excess of the Reserve Requirement, to the extent not credited to the Debt Service Account as provided in the last paragraph of Section 7.05, will be placed in the Repair and Replacement Account or the Surplus Account. The Town hereby establishes a subaccount in the Repair and Replacement Account denominated the Short-Lived Asset Replacement Reserve Subaccount. On or before the date of delivery of the Series 20__ Bonds, the Town shall deposit from funds it has on hand and available therefor the amount of \$22,750 in the Short-Lived Asset Replacement Reserve Subaccount. Money in the Short-Lived Asset Replacement Reserve Subaccount is to be used for the replacement of Short-Lived Assets, but may be applied to pay and discharge the Series 20__ Bonds, together with other available funds of the Town, if the amount therein is then sufficient to pay and discharge the Series 20__ Bonds in full. The Town shall maintain the balance in the Short-Lived Asset Replacement Reserve Subaccount at \$22,750. Money in the Repair and Replacement Account shall be used only for the purposes above stated or, but only if the above requirements of the Repair and Replacement Account are satisfied, including those relating to funding the Short-Lived Asset Replacement Reserve Account, and if so directed by the Council, to pay Operating Expenses, to redeem Obligations which are prepayable according to their terms, to pay principal or interest when due thereon as required in Section 7.04 or Section 7.09, to pay the cost of improvements to the System, to be transferred to the Rebate Account as provided in Section 7.08 or to be transferred to the Surplus Account; provided that in the event construction and installation of additional improvements or additions to the System are financed other than from Obligations, so long as the amounts required are on deposit in the Short-Lived Asset Replacement Reserve Subaccount, Surplus Net Revenues from time to time received may be segregated and paid into one or more separate and additional accounts for the repayment of such indebtedness and interest thereon, in advance of payments required to be made into the Repair and Replacement Account; and provided further that amounts in the Short-Lived Asset Replacement Reserve Subaccount may be used only for the replacement of Short-Lived Assets or to discharge the Series 20__ Bonds as stated above. As long as the USDA is the holder of the Series 20__ Bonds and no Additional Bonds are Outstanding, the Town may not use or obligate moneys on hand in the Repair and Replacement Account without the written approval of the USDA.

7.07. Surplus Account. The Surplus Account is hereby established as a separate account within the Sewer System Fund. Any amount of the Surplus Net Revenues from time to time remaining after the applications thereof required by Sections 7.03 to 7.06 and 7.09 shall be credited to the Surplus Account, and the moneys from time to time in that account, when not required to restore a current deficiency in the Debt Service Account, the Reserve Account, the Short-Lived Asset Replacement Reserve Subaccount, or the Note Account as provided in Sections 7.04, 7.05, 7.06, and 7.09, may be used for any of the following purposes and not otherwise:

- (a) To redeem Obligations when and as such Obligations become payable according to their terms; or
- (b) To purchase Obligations on the open market, whether or not the Obligations or other such Obligations may then be prepayable according to their terms; or
- (c) To be held as a reserve for redemption of Obligations payable from the Net Revenues which are not then but will later be prepayable according to their terms; or
- (d) To pay for repairs of or for the construction and installation of improvements or additions to the System; or
- (e) To pay Operating Expenses and to restore the operating reserve or increase the same when determined to be necessary by the Council;
- (f) To pay principal of or interest on, or to redeem, subordinate lien obligations issued under Section 6.03; or
- (g) To be transferred to the Rebate Account as provided in Section 7.08 to meet the requirements thereof.

Except as provided in Section 7.10, no money shall at any time be transferred from the Surplus Account or any other account of the Sewer System Fund to any other fund of the Town, nor shall such moneys at any time be loaned to other Town funds or invested in warrants, special improvement bonds or other obligations payable from other funds.

7.08. Rebate Account. The Rebate Account is hereby established as a separate account within the Sewer System Fund. The Town shall make deposits to and disbursements from the Rebate Account pursuant to the Rebate Certificate, and for such purposes may make transfers, in the following order of priority, from the Surplus Account, the Repair and Replacement Account and the Reserve Account, as necessary, to meet the requirements of the Rebate Account. The Town shall invest the Rebate Account in accordance with the provisions of the Rebate Certificate and shall deposit income from such investments immediately upon receipt thereof in the Rebate Account.

7.09. Note Account. There is hereby established in the Sewer System Fund a separate and special Note Account (the "Note Account"). If a Note is Outstanding, all Net Revenues remaining after the required credits to the Debt Service Account and the Reserve Account pursuant to this Resolution shall be credited to the Note Account. The Town irrevocably

appropriates to the Note Account (a) the proceeds of the loans, including the 20__A Loan but excluding the 20__B Loan, to the extent required to pay the principal of and interest on Notes, as received, (b) the proceeds of definitive sewer system revenue bonds issued pursuant to Section 3.08 above and of the Definitive Bond, and (c) such other money as shall be appropriated to the Note Account from time to time.

Amounts on deposit in the Note Account shall be used solely to pay the principal of and interest on the Series 2012 Note and any Additional Notes made payable therefrom; provided that, except in the case of the Series 2012 Note, if on any date the balance in the Debt Service Account or the Reserve Account is less than then required, an amount equal to such deficiency will be transferred from the Net Revenues and investment income therefrom on deposit in the Note Account. Upon payment or discharge of the Series 2012 Note and upon the making of the credits to the Note Account required in connection with any other Notes made payable therefrom, all surplus funds therein shall be transferred to the Surplus Account. Until the Series 2012 Note and interest thereon have been paid or discharged, no credits shall be made to the Surplus Account.

7.10. Deposit and Investment of Funds. The Town Clerk-Treasurer shall cause all money pertaining to the Sewer System Fund to be deposited as received with one or more depository banks duly qualified in accordance with the provisions of Montana Code Annotated, Section 7-6-201, as amended, in a deposit account or accounts. The balance in such accounts, except such portion thereof as shall be guaranteed by federal deposit insurance, shall at all times be secured to its full amount by bonds or securities of the types set forth in said Section 7-6-207. No money shall at any time be withdrawn from such deposit accounts except for the purposes of the Sewer System Fund as defined and authorized in this Resolution; except that money from time to time on hand in the Sewer System Fund may at any time, in the discretion of the Council, be invested in securities which are direct, general obligations of, or obligations the prompt payment of the principal of and the interest on which is fully and unconditionally guaranteed by, the United States of America, which investments mature and bear interest at the times and in the amounts estimated to be required to provide cash when needed for the purposes of the respective accounts; provided that moneys on deposit in the Reserve Account, the Repair and Replacement Account and the Surplus Account may be invested in any such securities, but such securities shall be valued annually at their market value, and if the value of such securities, plus cash, on hand in the Reserve Account, is less than the Reserve Requirement, the balance therein shall be restored to that amount from any Surplus Net Revenues then on hand in the Surplus Account or the Repair and Replacement Account or from the next Surplus Net Revenues thereafter received. Except as otherwise expressly provided herein, income received from the deposit or investment of money in said accounts shall be credited to the account from which the deposit was made or the investment was purchased, and handled and accounted for in the same manner as other money in that account.

Section 8. Covenants.

8.01. General. The Town covenants and agrees with the Holders from time to time of all Obligations that the recitals contained in Sections 1.04, 1.05, 1.06, 1.07 and 1.08 are correct; and that until all Obligations are fully discharged as provided in this Resolution, it will continue to hold, maintain and operate the System as a public convenience, free from all liens thereon or on

the income therefrom other than the liens herein granted or provided for, and will maintain, expend and account for its Sewer System Fund and the several accounts therein as provided in Section 7, and will not incur a further lien or charge on the income or revenues of the System except upon the conditions and in the manner prescribed in Section 7, and will perform and cause all officers and employees of the Town to perform and enforce each and all of the additional covenants and agreements set forth in this Section 8. The Town further covenants to cause the System to be properly maintained.

8.02. Competing Service. The Town will not establish or enfranchise any other facilities in competition with the facilities of the System.

8.03. Property Insurance. The Town will cause all buildings, properties, fixtures and equipment constituting a part of the System to be kept insured with a reputable insurance carrier or carriers, qualified under the laws of the State, in such amounts as are ordinarily carried, and against loss or damage by such hazards and risks as are ordinarily insured against, by public bodies owning and operating properties of a similar character and size; provided that if at any time the Town is unable to obtain insurance, it will obtain insurance in such amounts and against risks as are reasonably obtainable. The proceeds of all such insurance shall be available for the repair, replacement or reconstruction of damaged or destroyed property, and until paid out in making good such loss or damage, are pledged as security for the Outstanding Obligations. All insurance proceeds received in excess of the amount required for restoration of the loss or damage compensated thereby shall be and become part of the revenues appropriated to the Sewer System Fund. If for any reason insurance proceeds are insufficient for the repair, replacement and reconstruction of the insured property, the Town shall supply the deficiency from revenues on hand in the Repair and Replacement Account and the Surplus Account.

8.04. Liability Insurance and Surety Bonds. The Town will carry insurance against liability of the Town and its employees for injuries to persons (including death) and damage to property resulting from the construction, operation, maintenance, improvement or extension of the System in amounts not less than \$300,000 for death of or personal injury to any one person, \$1,000,000 for all personal injuries and deaths resulting from any one accident and \$300,000 for property damage in any one accident. It will also cause all persons handling money and other assets of the Fund to be adequately bonded for the faithful performance of their duties and to account for and pay over such money to the Town. Such bond shall be in the penal sum of \$10,000 or such greater amount as may from time to time be on hand in the Debt Service Account and Repair, the Reserve Account, and Replacement Account and the USDA shall be named a co-obligee thereunder. All amounts received under such insurance and bonds shall be applied to the payment of the loss or damage covered thereby. The premiums for all insurance and bonds required by this Section 8.04 and Section 8.03 constitute part of the Operating Expenses of the System, but no insurance liabilities of the Town in excess of amounts received under such insurance and bonds shall constitute a lien or charge on revenues or any other assets herein or otherwise pledged to the Sewer System Fund.

8.05. Disposition of Property. The Town will not mortgage, lease, sell or otherwise dispose of any real or personal properties of the System, unless:

(a) Prior to or simultaneous with such mortgage, lease, sale or other disposition, all of the Obligations then Outstanding shall be discharged as provided in Section 10; or

(b)(i) The properties to be mortgaged, leased, sold or otherwise disposed of are unserviceable, inadequate, obsolete or no longer required for use in connection with the System; and

(ii) the mortgage, lease, sale or other disposition will not prevent the Town from complying with the provisions of this Resolution; and

(iii) all proceeds of the mortgage, lease, sale or other disposition of such properties are deposited into the Sewer System Fund.

8.06. Books and Records. The Town will cause proper and adequate books of record and account to be kept showing complete and correct entries of all receipts, disbursements and other transactions relating to the System, the Net Revenues derived from its operation, and the segregation and application of the Net Revenues in accordance with this Resolution, in such reasonable detail as may be determined by the Town in accordance with generally accepted accounting practice and principles. It will cause such books to be maintained on the basis of a Fiscal Year. The Town shall, within 270 days after the close of each Fiscal Year, cause to be prepared and supply to the Original Purchasers of all series of Obligations then Outstanding and the Registrar a financial report with respect to the System for such Fiscal Year. The report shall be prepared at the direction of the Town Clerk-Treasurer in accordance with applicable generally accepted accounting principles applicable to governmental entities and, in addition to whatever matters may be thought proper by the Town Clerk-Treasurer to be included therein, shall include the following:

(a) A statement in detail of the income and expenditures of the System for the Fiscal Year, identifying capital expenditures and separating them from operating expenditures;

(b) A balance sheet as of the end of the Fiscal Year;

(c) The amount on hand in each account of the Sewer System Fund at the end of the Fiscal Year;

(d) A list of the insurance policies and fidelity bonds in force at the end of the Fiscal Year, setting out as to each the amount thereof, the risks covered thereby, the name of the insurer or surety and the expiration date of the policy or bond; and

(e) A determination that the report shows full compliance by the Town with the provisions of this Resolution during the Fiscal Year covered thereby, including proper segregation of the capital expenditures from Operating Expenses, maintenance of the Reserve Requirement in the Reserve Account, and receipt of Revenues during each Fiscal Year as herein required, or, if the report should reveal that the Net Revenues have been insufficient for compliance with this Resolution, or that the methods used in accounting for such revenues were contrary to any provision of this Resolution, the report shall include a full explanation thereof, together with recommendations for such change in rates or accounting practices or in the operation of the System as may be required.

The Town shall also have prepared and supplied to the Original Purchasers of all series of Obligations then Outstanding and all Bond Registrars and Note Registrars, at the time and in accordance with the provisions of Title 2, Chapter 7, Part 5, as amended, an audit report prepared by an Independent Accountant or an agency of the State of Montana in accordance with generally accepted accounting principles and practice with respect to the financial statements and records of the System and if Outstanding Obligations are held by the USDA or another agency or instrumentality of the United States of America, in accordance with the following requirements of this paragraph. The audit report shall include an analysis of the Town's compliance with the provisions of this Resolution. So long as any Outstanding Obligation is held by the USDA or another agency or instrumentality of the United States of America, the audit must be completed and submitted to such Original Purchaser or Purchasers and all Bond Registrars and Note Registrars in accordance with the requirements of the Office of Management and Budget, as then in effect, which currently means that in the event an audit needs to comply with Generally Accepted Government Auditing Standards, it shall be completed and submitted by the date that is 150 days after the end of each Fiscal Year, and in the event Circular No. A-133 controls, the audit shall be completed and submitted by the date that is 270 days after the end of the Fiscal Year. In the event Obligations are Outstanding and none of such Obligations are held by the USDA or an agency or instrumentality of the United States of America, the audit report shall be completed and submitted to the Purchasers and Registrars within one year after the end of each Fiscal Year.

In addition, the Town shall, so long as the Series 20__ Bonds are Outstanding and the USDA is the holder thereof, prior to the beginning of each Fiscal Year submit to the USDA a proposed budget for the ensuing Fiscal Year and shall also submit to the USDA a quarterly income and expense statement for three complete years after completion of the 2012 Project.

8.07. Cost of Insurance and Accounting. The insurance and fidelity bond premiums and the cost of the bookkeeping and audits herein provided for and of the billings and collection of the Revenues shall be payable from the Operating Account.

8.08. Handling of Funds. The employees of the Town, under the direction and control of the Town Clerk-Treasurer, shall keep books of account and collect the rates, charges and rentals for the services and facilities provided by the System and for other money currently receivable on account thereof. All money collected with respect to the System shall be deposited daily with the Town Clerk-Treasurer. The Town Clerk-Treasurer shall be bonded at all times with a surety company authorized to do business in the State, in the amount of at least \$5,000, to assure the faithful carrying out of such duties. Any failure on the part of the Town Clerk-Treasurer to comply and to enforce compliance on the part of all officers and employees concerned with the provisions of this Resolution, and with the Town's other regulations respecting the System, shall constitute malfeasance for which the Town Clerk-Treasurer and the surety on his bond shall be personally liable.

8.09. Rates and Charges. While any Obligations are Outstanding and unpaid, the rates, charges and rentals for all services and facilities furnished and made available by the System to the Town and its inhabitants, and to all customers within or without the boundaries of the Town, shall be reasonable and just, taking into consideration the cost and value of the System and the cost of maintaining and operating them, and the amounts necessary for the payment of all

Obligations and the interest accruing thereon, and the proper and necessary allowances for the depreciation of the System, and no free service shall be provided to any person or corporation. It is covenanted and agreed that the rates, charges and rentals to be charged to all recipients of sewer services shall be maintained and shall be revised, whenever and as often as may be necessary, according to schedules such that the revenues for each Fiscal Year will be at least sufficient to pay the current expenses of operation and maintenance as herein defined, to maintain the operating reserve herein established, to produce Net Revenues during each Fiscal Year, not less than 110% of the maximum Principal and Interest Requirements on the Bonds, commencing with the Fiscal Year ending June 30, 2013, to fund the Reserve Account to the Reserve Requirement, and to accumulate the amounts required in the Short-Lived Asset Replacement Reserve Subaccount.

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

The establishment of the above ratio of Net Revenues available for the Debt Service Account is deemed necessary for the issuance of the Series 20__ Bonds upon terms most advantageous to the Town. The excess of the Net Revenues over the annual principal and interest and reserve requirements of the Series 20__ Bonds may be used as authorized in Section 7 of this Resolution.

8.10. Billing. The charges for sewer services shall be billed at least monthly, and if the bill is not paid within 10 days of the date of billing, or if the customer fails to comply with all rules and regulations established for the System within 30 days after notice of violation thereof (which notice shall be given promptly upon discovery of any such violation), the sewer service to the premises involved shall be discontinued and shall not be resumed until payment of all past-due bills for sewer service and compliance with all such rules and regulations.

8.11. Appointment of Superintendent. In the event of default on the part of the Town in the prompt and full payment of principal of or interest on any Obligation, or in the keeping of any covenants herein contained, and if such default shall continue for a period of sixty (60) days, the Council will appoint a special superintendent for the System, with the power and responsibility to operate the System for the Town and to recommend to the Council such revisions of the rates and charges and operating policies as may be necessary to comply with this Resolution, and to assure that the Revenues will be sufficient to pay all principal of and interest on Obligations, and he shall in all things so operate the System as to comply fully with all the requirements and provisions of this Resolution. The right of the Holders of the Obligations to require employment of such a superintendent shall not be exclusive, and in the event of default as herein outlined, such Holders shall have the right to proceed at law or in equity, in any form of action which shall to them seem appropriate.

8.12. Remedies. The Holders of not less than 25% in principal amount of the Outstanding Obligations shall have the right, either at law or in equity, through suit, action or other proceedings, to protect and enforce the rights of all Holders of such Obligations and to

compel the performance of any and all of the covenants required herein to be performed by the Town, and its officers and employees, including but not limited to the fixing and maintaining of rates, fees and charges and the collection and proper segregation of Revenues and the application and use thereof. The Holders of a majority in principal amount of Outstanding Obligations shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Holders of the Obligations or the exercise of any power conferred on them and the right to waive a default in the performance of any such covenant, and its consequences, except a default in the payment of the principal of or interest on any Obligation when due. Nothing herein, however, shall impair the absolute and unconditional right of the Holder of each Obligation to receive payment of the principal of, premium, if any, and interest on such Obligation as such principal, premium and interest respectively become due, and to institute suit for any such payment. Any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Town with power to charge and collect rates, fees and charges sufficient to provide for the payment of any Obligations, and to apply the Revenues in conformity with this Resolution and the laws of the State.

8.13. Future System Improvements. If at any time the Series 20__ Bonds are Outstanding, the Town plans to make improvements or modifications to the System, such improvements or modifications, regardless of the source of funding therefor, shall be subject to review and approval by USDA. The Town shall be responsible for the timely submission of preliminary plans to USDA. USDA approval is based upon consideration of economics, technical feasibility, direct and indirect impacts to the human environment and natural resources, including sewer quality, floodplains, wetlands and important farmlands.

Section 9. Supplemental Resolutions.

9.01. General. The Town reserves the right to adopt Supplemental Resolutions from time to time and at any time, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein, or of making such provisions with regard to matters or questions arising hereunder as the Town may deem necessary or desirable and not inconsistent with this Resolution, and which shall not adversely affect the interests of the Holders of Outstanding Obligations, or for the purpose of adding to the covenants and agreements herein contained, or to the Revenues herein pledged, other covenants and agreements thereafter to be observed and additional revenues or income thereafter appropriated to the Sewer System Fund, or for the purpose of surrendering any right or power herein reserved to or conferred upon the Town, or for the purpose of authorizing the creation and issuance of a series of Additional Bonds or Additional Notes or subordinate lien obligations, as provided in and subject to the conditions and requirements of Section 6. Any such Supplemental Resolution may be adopted without notice to or the consent of the Holder of any of the Obligations issued hereunder.

9.02. Consent of Holders. With the consent of the Holders of Obligations issued hereunder as provided in Sections 9.03 and 9.04, the Town may from time to time and at any time adopt a Supplemental Resolution for the purpose of amending this Resolution by adding any provisions hereto or changing in any manner or eliminating any of the provisions hereof or of any Supplemental Resolution, except that no Supplemental Resolution shall be adopted at any time without the consent of the Holders of all Obligations issued hereunder which are then

Outstanding and affected thereby, if it would extend the time of payment of interest thereon or principal thereof, would reduce the interest rate thereon or the amount of the principal or the redemption price thereof, would give to any Bond or Bonds any privileges over any other Bond or Bonds, would give to any Note or Notes any privileges over any other Note or Notes, would reduce the sources of revenues or income appropriated to the Sewer System Fund, or would reduce the percentage in principal amount of such Obligations required to authorize or consent to any such Supplemental Resolution.

9.03. Notice. Notice of the Supplemental Resolution to be adopted pursuant to Section 9.02 shall be mailed by first-class mail to the Holders of all Outstanding Obligations at their addresses appearing in the Bond Register or Note Register, as the case may be, and shall become effective only upon the filing of written consents with the Town Clerk-Treasurer, signed by the Holders of not less than a majority in principal amount of the Obligations then Outstanding and affected thereby. Any written consent to the Supplemental Resolution may be embodied in and evidenced by one or any number of concurrent written instruments of substantially similar tenor signed by Holders in person or by agent duly appointed in writing, and shall become effective when delivered to the Town Clerk-Treasurer. Any consent by the Holder of any Obligation shall bind him and every future Holder of the same Obligation with respect to any Supplemental Resolution adopted by the Town pursuant to such consent; provided that any Holder may revoke his consent with reference to any Obligation by written notice received by the Town Clerk-Treasurer before the Supplemental Resolution has become effective. In the event that unrevoked consents of the Holders of the required amount of Obligations have not been received by the Town Clerk-Treasurer within one year after the mailing of notice of the Supplemental Resolution, the Supplemental Resolution and all consents theretofore received shall be of no further force and effect.

9.04. Manner of Consent. Proof of the execution of any consent, or of a writing appointing any agent to execute the same, or of the ownership by any Person of Obligations shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the Town if made in the manner provided in this Section 9.04. The fact and date of the execution by any Person of any such consent or appointment may be proved by the affidavit of a witness of such execution or by the certification of any notary public or other officer authorized by law to take acknowledgment of deeds, certifying that the Person signing it acknowledged to him the execution thereof. The fact and date of execution of any such consent may also be proved in any other manner which the Town may deem sufficient; but the Town may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. The ownership of Bonds shall be proved by the Bond Register and the ownership of Notes shall be proved by the Note Register.

Section 10. Defeasance.

10.01. General. When the liability of the Town on all Obligations issued under and secured by this Resolution and all interest thereon has been discharged as provided in this Section 10, all pledges, covenants and other rights granted by this Resolution to the Holders of such Obligations shall cease, other than to the payment of such Obligations from money segregated for such purpose. The Town may also discharge its liability with respect to one or more Obligations in accordance with this Section 10.

10.02. Maturity. The Town may discharge its liability with reference to any Obligations and interest thereon which are due on any date by depositing with the Registrar for such Obligations on or before the date a sum sufficient for the payment thereof in full; or if any Obligation or interest thereon shall not be paid when due, the Town may nevertheless discharge its liability with reference thereto by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

10.03. Prepayment. The Town may also discharge its obligations with respect to any prepayable Obligations called for redemption on any date when they are prepayable according to their terms, by depositing with the Registrar therefor on or before the Redemption Date a sum sufficient for the payment thereof in full; provided that notice of the redemption thereof has been duly given as provided in this Resolution or any Supplemental Resolution relating thereto.

10.04. Escrow. The Town may at any time discharge its liability with reference to any Obligations, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or Government Obligations authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without reinvestment, to provide funds sufficient to pay all principal, interest and redemption premiums, if any, to become due on such Obligations at their Stated Maturities or, if such Obligations are prepayable and notice of redemption thereof has been duly given or irrevocably provided for, to such earlier Redemption Date.

No defeasance may be made pursuant to this Section 10.04 with respect to any Bond registered in the name of the United States of America. No defeasance shall be made pursuant to this Section 10.04 unless there has first been presented to the escrow agent a written opinion of nationally recognized bond counsel to the effect that such defeasance shall not cause the interest on any outstanding Obligations to be included in the gross income of the holders thereof for federal income tax purposes.

Section 11. Tax Matters relating to the Series 2012 Note and the Series 20__ Bonds.

11.01. Use of System. The 2012 Project is and will be owned and operated by the Town and used by the Town to provide sewer services to members of the general public as part of the System. No user of the System is granted any concession, license or special arrangement with respect to the System or any part thereof. The Town shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the 2012 Project or the System or security for the payment of the Series 2012 Note or the Series 20__ Bonds which might cause either the Series 2012 Note or the Series 20__ Bonds to be considered a "private activity bond" or a "private loan bond" within the meaning of Section 141 of the Code.

11.02. General Covenant. The Town covenants and agrees with the owners from time to time of the Obligations 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 2012 Note or the Series 20__ Bonds to become includable in gross income for federal income tax purposes under the Code and applicable Treasury Regulations (the "Regulations"), and covenants to take any and all actions

within its powers to ensure that the interest on the Series 20__ Bonds will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

11.03. Certification as to Expectations. The Mayor and the Town Clerk-Treasurer, being the officers of the Town charged with the responsibility for issuing the Series 2012 Note and the Series 20__ Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Original Purchaser thereof 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 respective dates of issue and delivery of the Series 2012 Note and the Series 20__ Bonds, it is reasonably expected that the proceeds of thereof will be used in a manner that would not cause the Series 2012 Note or the Series 20__ Bonds to be an “arbitrage bond” within the meaning of Section 148 of the Code and the Regulations.

11.04. Arbitrage Rebate. (a) The Town hereby represents that the Series 2012 Note qualifies for the exception for small governmental units to the arbitrage rebate provisions contained in Section 148(f) of the Code. Specifically, the Town represents:

(1) The 2012 Project is to be used solely by members of the general public and no special concession or contract is or will be granted to any user of the 2012 Project.

(2) Substantially all (not less than 95%) of the proceeds of the Series 2012 Note will be used for local governmental activities of the Town.

(3) The aggregate face amount of all “tax-exempt bonds” (including warrants, contracts, leases and other indebtedness, but excluding private activity bonds) issued by the Town and all subordinate entities thereof during 2012 is not reasonably expected to exceed \$5,000,000. To date in 2012, the Town has not issued any such tax-exempt bonds, and in the calendar years 2007 through 2011, the Town did not issue any tax-exempt bonds.

(b) If notwithstanding the provisions of paragraph (a) of this Section 11.04, the arbitrage rebate provisions of Section 148(f) of the Code apply to the Series 2012 Note, the Town hereby covenants and agrees to make the determinations, retain records, and rebate to the United States the amounts at the times, required by said Section 148(f).

11.05. Information Reporting. The Town shall file with the Secretary of the Treasury a statement concerning the Series 2012 Note containing the information required by Section 149(e) of the Code.

11.06. Qualified Tax-Exempt Obligation. Pursuant to Section 265(b)(3)(B)(ii) of the Code, the Town hereby designates the Series 2012 Note as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code. The Town has not designated under Section 265(b) any obligations in 2012 other than the Series 2012 Note under Section 265(b)(3). The Town 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

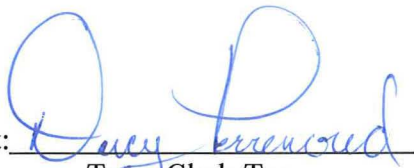
141(a) and 145(a) of the Code) will be issued by or on behalf of the Town and all "subordinate entities" of the Town in 2012 in an amount greater than \$10,000,000.

Section 12. Effective Date; Repeals. This Resolution shall become effective upon passage and all provisions of ordinances, resolutions and other actions and proceedings of the Town which 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.

Passed by the Town Council of the Town of Whitehall, Montana, on this 9th day of April, 2012.



Mayor

Attest: 

Town Clerk-Treasurer

(SEAL)



EXHIBIT A

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF JEFFERSON

TOWN OF WHITEHALL

SEWER SYSTEM REVENUE BOND ANTICIPATION NOTE
SERIES 2012

No. R-1

\$3,000,000.00

<u>Maturity</u>	<u>Date of Original Issue</u>
April 27, 2014	April 27, 2012

REGISTERED OWNER: BOARD OF INVESTMENTS OF THE STATE OF MONTANA

PRINCIPAL AMOUNT: THREE MILLION AND NO/100 DOLLARS

FOR VALUE RECEIVED, THE TOWN OF WHITEHALL, Montana, a municipal corporation and political subdivision of the State of Montana (the "Town"), acknowledges itself to be indebted and hereby promises to pay to the registered owner named above, or registered assigns, but solely out of the Note Account (the "Note Account") in its Sewer System Fund (the "Fund"), the principal sum equal to the sum of the amounts entered on Schedule A hereto under "Total Amount Advanced," on the maturity date specified above, with interest on such amount as advanced hereunder, at the Variable Rate (as is hereafter defined), until paid or discharged, all subject to the provisions hereof relating to the redemption of this Note before maturity. Interest shall be computed on the basis of the actual number of days in the year. Principal and interest hereon are payable at maturity or upon redemption hereof. Upon presentation and surrender hereof at the office of the Town Clerk-Treasurer in Whitehall, Montana, the interest hereon and the principal hereof are payable in lawful money of the United States of America to the registered owner of this Note as it appears in the Note Register of the Town.

This Note shall bear interest from the date hereof until paid at the Variable Rate, as such may be adjusted from time to time as hereinafter provided. Until the initial Adjustment Date (as hereafter defined), the Variable Rate shall be one and twenty-five hundredths percent (1.25%) per annum. Thereafter, for the Adjustment Period (as hereafter defined), the Variable Rate shall be the rate per annum equal to the interest rate then borne by the Board of Investment's Annual Adjustable Rate Tender Option, Municipal Finance Consolidation Act Bonds (INTERCAP Revolving Program), plus up to one and one-half percent (1.50%) per annum, as certified by the Board of Investments as of the Adjustment Date, but in no event to exceed fifteen percent (15.00%) per annum. If for any reason the interest rate cannot be established as so provided or is held invalid or unenforceable by a court of law, the interest rate for this Note for the Adjustment Period shall be a rate equal to the largest integral multiple of five hundredths of one percent

(0.05%) that is equal to or less than eighty percent (80%) of the average yield, evaluated at par, of United States Treasury obligations with a stated or remaining maturity of one year, as reported in *The Wall Street Journal* (Des Moines Edition) (or, if such paper is no longer published or fails to report such information, in any other financial periodical selected by the U.S. Bank National Association, of Seattle, Washington, and reasonably acceptable to the holders of this Note) on the Adjustment Date or, if the Adjustment Date is not a Business Day, the next preceding Business Day, but in no event to exceed fifteen percent (15.00%) per annum. As used herein, "Adjustment Date" means each February 16 and "Adjustment Period" means the period beginning on an Adjustment Date and ending on the day before the next succeeding Adjustment Date or the final Stated Maturity of this Note, whichever is earlier; provided that if this Note is not paid at its final Stated Maturity, the final Adjustment Period with respect to this Note shall extend until it is paid or provision has been duly made for its payment.

Upon each disbursement of proceeds of this Note, the Holder shall enter the amount advanced on Schedule A attached hereto under "Advances" and the total amount advanced under this Resolution, including such disbursement, under "Total Amount Advanced."

This Note is one in number and comprises all of a duly authorized issue of Notes of the Town (the "Series 2012 Note") issued pursuant to, and in anticipation of the issuance by the Town of its Sewer System Revenue Bond, Series 20__A (the "Series 20__A Bond"), evidencing a loan (the "Loan") from the United States of America through Rural Utilities Service, United States Department of Agriculture, authorized to be issued under Resolution No. 11-12 adopted by the Town Council of the Town on April 9, 2012 (the "Resolution"), to which Resolution, copies of which are on file with the Town, reference is hereby made for a description of the nature and extent of the security for the Series 2012 Note, the conditions under which additional Bonds may be issued on a parity as to payment with the Series 2012 Note or otherwise, the conditions under which the Resolution may be amended and the rights of the Holders of the Series 2012 Note. The Series 2012 Note is issued by the Town for the purpose of providing interim financing for improvements to the Town's municipal sewer system (the "System") consisting of lagoon improvements, repairing mains, and related improvements.

This Series 2012 Note is issued pursuant to and in full compliance with the Constitution and laws of the State of Montana, particularly Montana Code Annotated, Section 7-7-109, and Title 7, Chapter 7, Parts 44 and 45, as amended (the "Act"), and pursuant to the Resolution. This Series 2012 Note is payable from and secured by a lien on the net revenues of the System (as defined in the Resolution, "Net Revenues") and other revenues and income pledged and appropriated and from time to time credited to the Note Account in the Sewer System Fund (the "Note Account"), including the proceeds of the Series 20__A Bond, which the Town has covenanted to issue and sell prior to the maturity of this Note in an amount sufficient, with other funds on hand, to pay the principal hereof and interest hereon.

This Series 2012 Note is not a general obligation of the Town and the Town's general credit and taxing powers are not pledged to the payment of this Series 2012 Note or interest thereon. This Series 2012 Note does not constitute an indebtedness of the Town within the meaning of any constitutional or statutory provisions.

The Town may redeem on any date, in whole but not in part, the unpaid principal of this Note at a price equal to the principal amount to be redeemed plus interest accrued to the date of redemption, without premium. Notice of any such prepayment will be mailed by the Town not less than 15 days prior to the date specified for payment, to the registered holder of this Note at his address as it appears on the Note Register maintained by the Town Clerk-Treasurer.

The Town has designated this Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

As provided in the Resolution and subject to certain limitations set forth therein, this Note is transferable upon the books of the Town at the office of the Town Clerk-Treasurer, by the registered owner hereof in person or by his attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Town Clerk-Treasurer, duly executed by the registered owner or his attorney. Upon such transfer, the Town will cause a new Note to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer.

The Town may deem and treat the person in whose name this Note is registered as the absolute owner hereof, whether this Note is overdue or not, for the purpose of receiving payment and for all other purposes, and the Town shall not be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Montana to be done, to exist, to happen and to be performed precedent to and in the issuance of this Note in order to make it a valid and binding special obligation of the Town according to its terms, have been done, do exist, have happened and have been performed in regular and due time, form and manner as so required; that the Town, in and by the Resolution, has validly made and entered into covenants and agreements with and for the benefit of the Holders from time to time of the Series 2012 Note including covenants 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 and 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 Debt Service Account in any subsequent fiscal year, commencing with the fiscal year ending June 30, 2013; that the Town has received a written commitment for the Loan from the United States of America in an amount equal to \$3,000,000 and has by resolution covenanted to satisfy the conditions of the commitment; that the Town has appropriated to the Note Account the proceeds of the Loan to the extent required to pay principal hereof or interest hereon; that by the Resolution, the Town has covenanted, at or prior to the maturity of this Note, to sell and issue the Series 20__A Bond, either to the United States of America in evidence of the Loan or otherwise pursuant to the Act and the Resolution in a principal amount so as to provide funds sufficient, together with any money on deposit in the Note Account and available therefor, to pay in full the principal of and interest on this Note at maturity; that if this Note is not paid in full at maturity, the owner hereof may require the Town to issue, in exchange for this Note, on a par-for-par basis, one or more of such Sewer System Revenue Bonds amortized in semiannual installments over a ten-year period

or fifteen-year period (at the option of the Holder) and bearing interest at a rate equal to the Variable Rate as defined herein; that all provisions for the security of the Holder of this Series 2012 Note set forth in the Resolution will be punctually and faithfully performed as therein stipulated; and that the issuance of this Note does not cause the general or special indebtedness of the Town to exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the Town of Whitehall, Montana, by its Town Council, has caused this Note to be executed on its behalf by the signature of the Mayor, attested by the Town Clerk-Treasurer, sealed with the official corporate seal of the Town, and has caused this Note to be dated as of April 27, 2012.

Attest:



Town Clerk-Treasurer



Mayor

(SEAL)

PROVISIONS FOR REGISTRATION OF TRANSFER

The ownership of this Note and of the interest payable hereon may be transferred to a bona fide purchaser only by delivery with an assignment duly executed by the registered owner or his attorney or legal representative, and the Town may treat the registered owner as the person exclusively entitled to receive payments of principal of and interest on this Note and to exercise all the rights and powers of an owner until this Note is presented to the Town Clerk-Treasurer of the Town of Whitehall, accompanied by said assignment and by assurance of the nature provided by law that the same is genuine and effective, and until such transfer is registered on the books of the Town and noted hereon by the Town Clerk-Treasurer.

REGISTER

The ownership of the unpaid Principal Balance of this Bond and the interest accruing thereon is registered on the books of the Town of Whitehall, Montana in the name of the registered holder appearing on the first page hereof or as last noted below:

<u>Date of Registration</u>	<u>Name and Address of Registered Holder</u>	<u>Town Clerk-Treasurer</u>
<u>April 27, 2012</u>	Board of Investments 2401 Colonial Dr. P.O. Box 200126 Helena, MT 59620-0126	

NO WRITING HEREON EXCEPT BY TOWN CLERK-TREASURER
AS NOTE REGISTRAR

The Town Clerk-Treasurer has transferred on the books of the Town of Whitehall, Jefferson County, Montana, on the date last noted below, to the registered assign noted opposite said date, ownership of the principal amount of and interest on this Note, except the amounts of principal and interest theretofore paid:

<u>Date of Transfer</u>	<u>Registered Assign</u>	<u>Signature of Town Clerk-Treasurer</u>

SCHEDULE A

SCHEDULE OF AMOUNTS ADVANCED

<u>Date</u>	<u>Advances</u>	<u>Total Amount Advanced</u>	<u>Notation Made By</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
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_____	_____	_____	_____

EXHIBIT B

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF JEFFERSON

TOWN OF WHITEHALL

SEWER SYSTEM REVENUE BOND
SERIES 20__A

[the series designation to be completed with the calendar year
in which the Bond is issued]

No. R-1

\$3,000,000.00

FOR VALUE RECEIVED, THE TOWN OF WHITEHALL (the "Town"), a duly organized municipal corporation of the State of Montana, acknowledges itself to be specially indebted and hereby promises to pay, solely from the Debt Service Account of its Sewer System Fund, to the United States of America acting through Rural Utilities Service, United States Department of Agriculture, or any successor agency under Public Law 103-354 (the "USDA"), or registered assigns (the "Holder"), the principal sum of THREE MILLION AND NO/100 DOLLARS (\$3,000,000.00), in installments as set forth below, and to pay interest thereon, solely from the Debt Service Account, at the rate of three and three-quarters percent (3.75%) per annum. Interest shall be computed on the basis of a 365-day year based on the actual number of days elapsed from and after each advance. Principal of and interest on this Bond shall be payable in equal monthly installments in the amount of \$12,090 beginning _____, _____, [thirty days after the date of delivery of the Series 20__A Bond], but no later than the 28th day of the month, and the final installment being due and payable not later than forty (40) years from the date of issuance of the Series 20__A Bond. The final payment will be in such lesser or greater amount as is necessary to pay the balance of principal and interest then remaining due. The installments of principal and interest are payable at State Office of the USDA Rural Development, at 2229 Boot Hill Court, Bozeman Montana 59715, or such other place as the USDA shall designate in writing, except that in the event that the United States of America has assigned this Bond, the installments of principal and interest are payable to the registered Holder at his address as it appears on the Bond Register of the Town. Principal and interest are payable in any coin or currency of the United States of America which on the respective dates of payment is legal tender for public and private debts.

This Bond is one of an issue of Sewer System Revenue Bonds, issuable in one or more series from time to time (the "Bonds"), pursuant to Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as amended (the "Act"), and Resolution No. 11-12 duly adopted by the Town Council of the Town on April 9, 2012, as amended and supplemented by Resolution No. __, adopted by the Town Council of the Town on _____, 20__ (as so amended and supplemented, the "Resolution"). This Bond (the "Series 20__A Bond") is being issued for the purpose of financing or refinancing a portion of the costs the construction, improvement, extension and rehabilitation of certain improvements (the "Improvements") to the municipal sewer system of the Town (the "System"), through the refunding of a valid outstanding Sewer

System Revenue Bond Anticipation Note, Series 2012, issued by the Town in the original principal amount of \$3,000,000, all pursuant to and in full conformity with the Constitution and laws of the State of Montana and resolutions of the Town thereunto enabling, including the Act and the Resolution, to which Resolution reference is made for the terms and conditions, other than those herein stated, upon which this Bond is issued and secured. The Series 20__A Bond, together with the Town's \$300,000 Sewer System Revenue Bond, Series 20__B (the "Series 20__B Bond"), which is being issued simultaneously herewith, and any additional Bonds issued on a parity therewith under the Resolution are referred to as the "Bonds." The Bonds, including the interest thereon, are payable solely from the revenues pledged to the payment thereof and do not constitute a debt of the Town within the meaning of any constitutional or statutory limitation or provision.

The Town may redeem on any installment payment date, in whole or part and if in part, in multiples of \$1,000, any unpaid principal of this Series 20__A Bond at a price equal to the principal amount to be redeemed plus interest accrued to the date of redemption without premium; provided that while this Series 20__A Bond is registered in the name of the United States of America, the Town may redeem any unpaid principal on any date and in any amount. Notice of any such prepayment will be mailed by the Town not less than 30 days prior to the date specified for payment, to the registered holder of this Series 20__A Bond at his address as it appears on the Bond Register.

The Town has designated this Series 20__A Bond as a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

This Series 20__A Bond shall be registered in the name of the Holder on the bond register of the Town kept by the Town Clerk-Treasurer as Bond Registrar. This Series 20__A Bond is transferable by the registered Holder or its attorney duly authorized in writing, upon presentation hereof with a written instrument of transfer satisfactory to the Town and duly executed by the registered holder or its attorney. Such transfer shall be noted on the bond register and on the reverse hereof. The Town will, upon request, issue to the registered Holder or transferee, upon surrender of this Series 20__A Bond, one or more other bonds, in an aggregate principal amount (and, if more than one bond is to be issued, in denominations that are multiples of \$1,000, to the extent practicable) equal to the principal amount of the Series 20__A Bond that then remains unpaid and maturing at the same time or times as the then unpaid principal installments hereof, subject to reimbursement for any tax, fee or governmental charge or other expense incurred by the Town with respect to such exchange. The Town may treat the person in whose name this Series 20__A Bond is registered as the absolute owner hereof, whether this Series 20__A Bond is overdue or not, for the purpose of receiving payment of principal and interest and all other purposes, and shall not be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Town 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 Revenues (as defined in the Resolution) of the System will be paid, and a separate and special Debt Service Account in that fund, into which will be credited periodically, at least once in each calendar month, Net Revenues of the System then on hand (the Revenues remaining after the payment of Operating

Expenses of the System) an amount not less than the installment next payable on this Series 20__A Bond, the Series 20__B Bond and any Additional Bonds payable on a monthly basis and, if Additional Bonds are issued that are payable on a semi-annual basis, not less than one-sixth of the interest due on such Outstanding Bonds within the next six months and one-twelfth of the principal on such Outstanding Bonds due within the next twelve months; that it will transfer to the Reserve Account in the Sewer System Fund monthly out of the remaining Net Revenues a minimum of \$1,209 per month and such additional amounts as may be necessary to accumulate therein over a period concluding on the tenth anniversary of the commencement of the monthly amortization payments of principal and interest under this Bond, a reserve equal to 100% of the maximum Principal and Interest Requirements on the Bonds then Outstanding in the current or any future Fiscal Year (the initial Reserve Requirement (as defined in the Resolution)), and such additional amounts as may be necessary thereafter to maintain therein a balance equal to the Reserve Requirement; that the Debt Service Account and the Reserve Account will be used only to pay the principal of, premium, if any, and interest on the Bonds; that the rates and charges for the System will, from time to time be made and kept sufficient to provide Net Revenues during each Fiscal Year that Bonds are outstanding equal to at least 110% of the maximum Total Principal and Interest Requirements on the Bonds in the current or any future Fiscal Year; that sufficient Surplus Net Revenues shall be available to fund the Short-Lived Asset Replacement Reserve Subaccount as described in the Resolution; that Additional Bonds may be issued and made payable from the Sewer System Fund on a parity with the Series 20__A Bond and the Series 20__B Bond upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues, unless the lien thereof shall be expressly made subordinate to the lien of the Series 20__A Bond and the Series 20__B Bond on such Net Revenues; that all provisions for the security of the Holder of this 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 Town to be done, to exist, to happen and to be performed in order to make this Bond a valid and binding special obligation of the Town according to its terms have been done, do exist, have happened and have been performed as so required; and that this Bond and the interest and premium, if any, hereon are payable solely from the Net Revenues of the System pledged and appropriated to the Debt Service Account and do not constitute a debt of the Town within the meaning of any constitutional or statutory limitation or provision and the issuance of this Series 20__A Bond does not cause either the general or the special indebtedness of the Town to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF the Town of Whitehall, Jefferson County, State of Montana, by its Town Council, has caused this Bond to be executed on its behalf by the signature of the Mayor, countersigned by the Town Clerk-Treasurer, sealed with the official corporate seal of the Town, and has caused this Bond to be dated as of _____, 20__.

TOWN OF WHITEHALL, MONTANA



Mayor

Attest:



Town Clerk-Treasurer

(SEAL)

PROVISIONS FOR REGISTRATION OF TRANSFER AND EXCHANGE

The ownership of this Series 20__A Bond and of the interest payable hereon may be transferred to a bona fide purchaser only by delivery hereof with an assignment duly executed by the registered owner or his attorney or legal representative, and the Town may treat the registered owner as the person exclusively entitled to receive payments of principal of and interest on this Series 20__A Bond and to exercise all the rights and powers of an owner until this Series 20__A Bond is presented to the Town Clerk-Treasurer of the Town of Whitehall, Montana, as Bond Registrar, accompanied by said assignment and by assurance of the nature provided by law that the same is genuine and effective, and until such transfer is duly registered on the books of the Town and noted hereon by the Bond Registrar.

REGISTER

The ownership of the unpaid Principal Balance of this Series 20__A Bond and the interest accruing thereon is registered on the books of the Town of Whitehall, Montana, in the name of the registered holder as last noted below:

<u>Date of Registration</u>	<u>Name and Address of Registered Holder</u>	<u>Signature of Town Clerk-Treasurer</u>
_____, 20__	United States of America, United States Department of Agriculture Office of the Deputy Chief Financial Officer 4300 Goodfellow Boulevard St. Louis, Missouri 63120	_____

NO WRITING HEREON EXCEPT BY TOWN CLERK-TREASURER AS BOND REGISTRAR

The Bond Registrar has transferred on the books of the Town of Whitehall, Jefferson County, Montana, on the date last noted below, to the registered assign noted opposite said date, ownership of the principal amount of and interest on this Bond, except the amounts of principal and interest theretofore paid:

<u>Date of Transfer</u>	<u>Registered Assign</u>	<u>Signature of Bond Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SCHEDULE A

SCHEDULE OF AMOUNTS ADVANCED

<u>Date</u>	<u>Advances</u>	<u>Total Amount Advanced</u>	<u>Made By</u>	<u>Notation</u>

EXHIBIT C

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF JEFFERSON

TOWN OF WHITEHALL

SEWER SYSTEM REVENUE BOND

SERIES 20__B

[the series designation to be completed with the calendar year
in which the Bond is issued]

No. R-1

\$300,000.00

FOR VALUE RECEIVED, THE TOWN OF WHITEHALL (the "Town"), a duly organized municipal corporation of the State of Montana, acknowledges itself to be specially indebted and hereby promises to pay, solely from the Debt Service Account of its Sewer System Fund, to the United States of America acting through Rural Utilities Service, United States Department of Agriculture, or any successor agency under Public Law 103-354 (the "USDA"), or registered assigns (the "Holder"), the principal sum of the amounts entered on Schedule A hereto under "Total Amount Advanced," in installments as set forth below, and to pay interest thereon, solely from the Debt Service Account, at the rate of three percent (3.00%) per annum. Interest shall be computed on the basis of a 365-day year based on the actual number of days elapsed from and after each advance. Principal of and interest on this Bond shall be payable in equal monthly installments in the amount of \$1,074 beginning _____, ____, [thirty days after the date of delivery of the Series 20__B Bond], but no later than the 28th day of the month, and the final installment being due and payable not later than forty (40) years from the date of issuance of the Series 20__B Bond. Each installment shall be in the amount set forth opposite its due date in Schedule B attached hereto under "Total Loan Installment." The portion of such installment consisting of principal and of interest shall be as set forth on Schedule B. Upon each disbursement of amounts under the Resolution (as hereinafter defined), the Holder shall enter, with the Town's confirmation, the amount advanced in Schedule A under "Advances" and the total amount advanced, including such disbursement, under "Total Amount Advanced." The Holder, with the confirmation of the Town, shall prepare and revise Schedule B as provided in Sections 5.01 and 5.02 of the Resolution. The installments of principal and interest are payable at State Office of the USDA Rural Development, at 2229 Boot Hill Court, Bozeman Montana 59715, or such other place as the USDA shall designate in writing, except that in the event that the United States of America has assigned this Bond, the installments of principal and interest are payable to the registered Holder at his address as it appears on the Bond Register of the Town. Principal and interest are payable in any coin or currency of the United States of America which on the respective dates of payment is legal tender for public and private debts.

This Bond is one of an issue of Sewer System Revenue Bonds, issuable in one or more series from time to time (the "Bonds"), pursuant to Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as amended (the "Act"), and Resolution No. 11-12 duly adopted by the Town Council of the Town on April 9, 2012, as amended and supplemented by Resolution No. __,

adopted by the Town Council of the Town on _____, 20__ (as so amended and supplemented, the "Resolution"). This Bond (the "Series 20__B Bond") is being issued for the purpose of financing a portion of the costs the construction, improvement, extension and rehabilitation of certain improvements (the "Improvements") to the municipal sewer system of the Town (the "System"), all pursuant to and in full conformity with the Constitution and laws of the State of Montana and resolutions of the Town thereunto enabling, including the Act and the Resolution, to which Resolution reference is made for the terms and conditions, other than those herein stated, upon which this Bond is issued and secured. The Series 20__B Bond, together with the Town's \$3,000,000 Sewer System Revenue Bond, Series 20__A (the "Series 20__A Bond"), which is being issued simultaneously herewith, and any additional Bonds issued on a parity therewith under the Resolution are referred to as the "Bonds." The Bonds, including the interest thereon, are payable solely from the revenues pledged to the payment thereof and do not constitute a debt of the Town within the meaning of any constitutional or statutory limitation or provision.

The Town may redeem on any installment payment date, in whole or part and if in part, in multiples of \$1,000, any unpaid principal of this Series 20__B Bond at a price equal to the principal amount to be redeemed plus interest accrued to the date of redemption without premium; provided that while this Series 20__B Bond is registered in the name of the United States of America, the Town may redeem any unpaid principal on any date and in any amount. Notice of any such prepayment will be mailed by the Town not less than 30 days prior to the date specified for payment, to the registered holder of this Series 20__B Bond at his address as it appears on the Bond Register.

The Town has designated this Series 20__B Bond as a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

This Series 20__B Bond shall be registered in the name of the Holder on the bond register of the Town kept by the Town Clerk-Treasurer as Bond Registrar. This Series 20__B Bond is transferable by the registered Holder or its attorney duly authorized in writing, upon presentation hereof with a written instrument of transfer satisfactory to the Town and duly executed by the registered holder or its attorney. Such transfer shall be noted on the bond register and on the reverse hereof. The Town will, upon request, issue to the registered Holder or transferee, upon surrender of this Series 20__B Bond, one or more other bonds, in an aggregate principal amount (and, if more than one bond is to be issued, in denominations that are multiples of \$1,000, to the extent practicable) equal to the principal amount of the Series 20__B Bond that then remains unpaid and maturing at the same time or times as the then unpaid principal installments hereof, subject to reimbursement for any tax, fee or governmental charge or other expense incurred by the Town with respect to such exchange. The Town may treat the person in whose name this Series 20__B Bond is registered as the absolute owner hereof, whether this Series 20__B Bond is overdue or not, for the purpose of receiving payment of principal and interest and all other purposes, and shall not be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Town 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 Revenues (as defined in the

Resolution) of the System will be paid, and a separate and special Debt Service Account in that fund, into which will be credited periodically, at least once in each calendar month, Net Revenues of the System then on hand (the Revenues remaining after the payment of Operating Expenses of the System) an amount not less than the installment next payable on this Series 20__A Bond, the Series 20__B Bond and any Additional Bonds payable on a monthly basis and, if Additional Bonds are issued that are payable on a semi-annual basis, not less than one-sixth of the interest due on such Outstanding Bonds within the next six months and one-twelfth of the principal on such Outstanding Bonds due within the next twelve months; that it will transfer to the Reserve Account in the Sewer System Fund monthly out of the remaining Net Revenues a minimum of \$108 per month and such additional amounts as may be necessary to accumulate therein over a period concluding on the tenth anniversary of the commencement of the monthly amortization payments of principal and interest under this Bond, a reserve equal to 100% of the maximum Principal and Interest Requirements on the Bonds then Outstanding in the current or any future Fiscal Year (the initial Reserve Requirement (as defined in the Resolution)), and such additional amounts as may be necessary thereafter to maintain therein a balance equal to the Reserve Requirement; that the Debt Service Account and the Reserve Account will be used only to pay the principal of, premium, if any, and interest on the Bonds; that the rates and charges for the System will, from time to time be made and kept sufficient to provide Net Revenues during each Fiscal Year that Bonds are outstanding equal to at least 110% of the maximum Total Principal and Interest Requirements on the Bonds in the current or any future Fiscal Year; that sufficient Surplus Net Revenues shall be available to fund the Short-Lived Asset Replacement Reserve Subaccount as described in the Resolution; that Additional Bonds may be issued and made payable from the Sewer System Fund on a parity with the Series 20__A Bond and the Series 20__B Bond upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues, unless the lien thereof shall be expressly made subordinate to the lien of the Series 20__A Bond and the Series 20__B Bond on such Net Revenues; that all provisions for the security of the Holder of this 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 Town to be done, to exist, to happen and to be performed in order to make this Bond a valid and binding special obligation of the Town according to its terms have been done, do exist, have happened and have been performed as so required; and that this Bond and the interest and premium, if any, hereon are payable solely from the Net Revenues of the System pledged and appropriated to the Debt Service Account and do not constitute a debt of the Town within the meaning of any constitutional or statutory limitation or provision and the issuance of this Series 20__B Bond does not cause either the general or the special indebtedness of the Town to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF the Town of Whitehall, Jefferson County, State of Montana, by its Town Council, has caused this Bond to be executed on its behalf by the signature of the Mayor, countersigned by the Town Clerk-Treasurer, sealed with the official corporate seal of the Town, and has caused this Bond to be dated as of _____, 20__.

TOWN OF WHITEHALL, MONTANA



Mayor

Attest:



Town Clerk-Treasurer

(SEAL)

PROVISIONS FOR REGISTRATION OF TRANSFER AND EXCHANGE

The ownership of this Series 20__B Bond and of the interest payable hereon may be transferred to a bona fide purchaser only by delivery hereof with an assignment duly executed by the registered owner or his attorney or legal representative, and the Town may treat the registered owner as the person exclusively entitled to receive payments of principal of and interest on this Series 20__B Bond and to exercise all the rights and powers of an owner until this Series 20__B Bond is presented to the Town Clerk-Treasurer of the Town of Whitehall, Montana, as Bond Registrar, accompanied by said assignment and by assurance of the nature provided by law that the same is genuine and effective, and until such transfer is duly registered on the books of the Town and noted hereon by the Bond Registrar.

REGISTER

The ownership of the unpaid Principal Balance of this Series 20__B Bond and the interest accruing thereon is registered on the books of the Town of Whitehall, Montana, in the name of the registered holder as last noted below:

<u>Date of Registration</u>	<u>Name and Address of Registered Holder</u>	<u>Signature of Town Clerk-Treasurer</u>
_____, 20__	United States of America, United States Department of Agriculture Office of the Deputy Chief Financial Officer 4300 Goodfellow Boulevard St. Louis, Missouri 63120	_____

NO WRITING HEREON EXCEPT BY TOWN CLERK-TREASURER
AS BOND REGISTRAR

The Bond Registrar has transferred on the books of the Town of Whitehall, Jefferson County, Montana, on the date last noted below, to the registered assign noted opposite said date, ownership of the principal amount of and interest on this Bond, except the amounts of principal and interest theretofore paid:

<u>Date of Transfer</u>	<u>Registered Assign</u>	<u>Signature of Bond Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SCHEDULE A
SCHEDULE OF AMOUNTS ADVANCED

<u>Date</u>	<u>Advances</u>	<u>Total Amount Advanced</u>	<u>Made By</u>	<u>Notation</u>

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the Town of Whitehall, Montana (the "Town"), hereby certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION OF THE TOWN OF WHITEHALL, MONTANA TO MODIFY THE BASIS ON WHICH SOLID WASTE CHARGES ARE IMPOSED AND TO INCREASE EXISTING RATES AND CHARGES FOR THE USERS OF MUNICIPAL SOLID WASTE SERVICES" (the "Resolution"), on file in the original records of the Town in my legal custody; that the Resolution was duly adopted by the Town Council of the Town at a regular meeting on April 9, 2012, and that the meeting was duly held by the Town 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 Council Members voted in favor thereof: Steve Antonoli, Mac Smith, Dave Torgerson, Myron Belgarde & Gerry Keogh; voted against the same: None; abstained from voting thereon: None; or were absent: Todd Breitenfeldt.

WITNESS my hand officially this 9th day of April, 2012.


Town Clerk-Treasurer

RESOLUTION NO. 10-12

RESOLUTION OF THE TOWN OF WHITEHALL, MONTANA
TO MODIFY THE BASIS ON WHICH SOLID WASTE
CHARGES ARE IMPOSED AND TO INCREASE EXISTING
RATES AND CHARGES FOR THE USERS OF MUNICIPAL
SOLID WASTE SERVICES

RECITALS

WHEREAS, the Town of Whitehall (the "Town") has undertaken to provide solid waste collection and disposal services (the "Solid Waste Services"), including monthly collection and composting of compost material from May through October upon request (the "Compost Material Services"), to residential and commercial properties within the Town; and

WHEREAS, it is necessary to collect sufficient revenues to pay costs associated with providing Solid Waste Services and Compost Material Services; and

WHEREAS, under Sections 7-7-4404 and 69-7-101 and Title 75, Chapter 10, Part 1, Montana Code Annotated, the Town has the power and authority to regulate, establish, and change, as it considers proper, rates, charges, and classifications imposed for utility services to its inhabitants and other persons served by the municipal utilities, including collection and disposal of Solid Waste (as defined in the Town's solid waste Ordinance). Rates, charges, and classifications must be reasonable and just; and

WHEREAS, a notice of public hearing was mailed to all persons served by the Town's Solid Waste Services notifying them that, pursuant to Resolution No. 7-12, adopted March 12, 2012, it was the intention of the Town to modify the basis on which solid waste charges are imposed and to increase the rates and charges for all persons served by the Solid Waste Services and notice of public hearing was published as required by Section 69-7-111. A public hearing was held on April 9, 2012, at 7:00 p.m. at Town Hall, 2 North Whitehall Street, Whitehall, Montana, for the purpose of hearing comments from the public on the solid waste charges; and

WHEREAS, all persons appearing were given an opportunity to speak at the public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Town Council (the "Council") of the Town as follows:

Section 1. Current Solid Waste Charges. The Town currently charges all properties in the Town a monthly rate and charge for Solid Waste Services (the "Solid Waste Charge") based on a user classification. The current Solid Waste Charge is as follows:

- A. A base assessment unit is Five and 40/100ths Dollars (\$5.40) per month.
- B. A volume unit is Thirty-five Cents (\$.35) per week.
- C. Based on the above units, dumpster fees are as follows:

One Yard Dumpster (200 Gallons) \$10.62 per month

Two Yard Dumpster (400 Gallons) \$18.45 per month

Three Yard Dumpster (600 Gallons) \$26.10 per month

D. Each additional pick up in excess of the scheduled one pick up per week is charged the following in lieu of additional volume unit charges:

One Yard Dumpster \$7.92 per month

Two Yard Dumpster \$15.84 per month

Three Yard Dumpster \$23.76 per month

E. Special call pick up charges are determined on a case by case basis.

F. All of the base assessment unit, volume unit and additional pick up and hauling charges are billed to the owner of record of the real property and are for the previous month. Payment is due within 30 days of the date of the bill.

G. The owner of the real property upon which the residence or business is located is ultimately liable and responsible for the payment of Solid Waste charges.

Section 2. New Solid Waste Charge. Effective as of the May 2012 billing, the Solid Waste Charge per month will be as follows.

2.01. 96-Gallon Garbage Can Rate. The Town will charge a monthly rate equal to \$7.40 multiplied by the number of scheduled collections per week for each 96-gallon garbage can. For example, a user with a 96-gallon garbage can with Solid Waste collection scheduled once per week would pay a monthly charge of \$7.40, while a user with a 96-gallon garbage can with Solid Waste collection scheduled twice per week would pay a monthly charge of \$14.80:

2.02. 300-Gallon Dumpster Rate. The Town will charge a monthly rate equal to \$20.50 multiplied by the number of scheduled Solid Waste collections per week for users with 300-gallon dumpsters. For example, a user with a 300-gallon dumpster with Solid Waste collection scheduled once per week would pay a monthly charge of \$20.50, a user with a 300-gallon dumpster with Solid Waste collection scheduled twice per week would pay a monthly charge of \$41.00, and a user with a 300-gallon dumpster with Solid Waste collection scheduled three times per week would pay a monthly charge of \$61.50.

2.03. Rate for Users Sharing 300-Gallon Dumpster. For users sharing a 300-gallon dumpster, the Town will charge a monthly rate to each user equal to the 96-gallon garbage can rate. For example, for three users sharing a 300-gallon dumpster with Solid Waste collection scheduled once per week, each user would pay a monthly charge of \$7.40. For three users sharing a 300-gallon dumpster with Solid Waste collection scheduled twice per week, each user would pay a monthly charge of \$14.80.

2.04. Solid Waste Collection Schedule. Solid Waste will be collected from Residences and Businesses once per week unless additional weekly collection is requested. Requests for additional weekly collection must be made in writing to the Town Clerk-Treasurer. Special requests for additional, irregularly scheduled or one-time-only collection are within the discretion of the Town to grant or refuse, and will be charged on a case-by-case basis.

2.05. Billing and Payment. The Solid Waste Charge will be billed to the owner of record of the real property benefited by the Solid Waste Services, and will be for the previous month. Payment will be due on the 10th of each month.

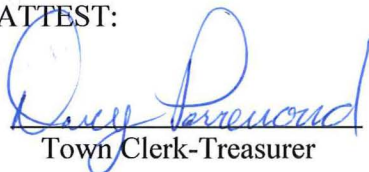
Section 3. Further Rate Increases. Subsequent adjustments to the Solid Waste Charge and charges for Compost Material Services will be made by resolution of the Town Council duly adopted after a public hearing with notice thereof given as provided by law.

Passed and approved this 9th day of April, 2012.



Mayor

ATTEST:



Town Clerk-Treasurer

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the Town of Whitehall, Montana (the "Town"), hereby certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION OF THE TOWN OF WHITEHALL, MONTANA TO INCREASE RATES FOR THE USERS OF THE TOWN'S WATER SYSTEM" (the "Resolution"), on file in the original records of the Town in my legal custody; that the Resolution was duly adopted by the Town Council of the Town at a regular meeting on April 9, 2012, and that the meeting was duly held by the Town 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 Council Members voted in favor thereof: Steve Antonioli, Mae Smith, Dave Torgerson, Myron Belgarde + Gerry Keogh; voted against the same: None; abstained from voting thereon: None; or were absent: Todd Breitenfeldt.

WITNESS my hand officially this 9th day of April, 2012.



Town Clerk-Treasurer

RESOLUTION NO. 9-12

RESOLUTION OF THE TOWN OF WHITEHALL, MONTANA
TO INCREASE RATES FOR THE USERS OF THE TOWN'S
WATER SYSTEM

RECITALS

WHEREAS, the Town of Whitehall, Montana (the "Town") has undertaken to provide water services to local residents and businesses through its water system (the "System"); and

WHEREAS, pursuant to Ordinance No. 400.090 and Resolution No. 7.96, the Town established a monthly rate for the System (the "Current Rate System"); and

WHEREAS, the Town has determined that the Current Rate System does not produce sufficient revenues to repay the bonds currently outstanding and payable from the net revenues of the System, to pay the costs associated with the operation and maintenance of the System, and to establish appropriate operating reserves; and

WHEREAS, under Section 69-7-101, Montana Code Annotated, the Town has the power and authority to regulate, establish, and change, as it considers proper, rates, charges, and classifications imposed for utility services to its inhabitants and other persons served by the municipal systems. Rates, charges, and classifications must be reasonable and just; and

WHEREAS, the Town Council (the "Council") has determined it is in the best interests of the Town to adjust the rates and charges for the use and availability of the System, to fund the anticipated debt service on bonds of the Town to pay for improvements to the System, to cover operation and maintenance costs of the improved System, and to establish necessary and appropriate reserves; and

WHEREAS, a notice of public hearing was mailed to all users of the Town's System notifying them that, pursuant to Resolution No. 6-12, adopted March 12, 2012, it was the intention of the Town to increase the rates and charges for users of the System and notice of public hearing was published as required by Section 69-7-111. A public hearing was held on April 9, 2012, at 7:00 p.m. at Town Hall, 2 North Whitehall Street, Whitehall, Montana, for the purpose of hearing comments from the public on the water rate increase; and

WHEREAS, all persons appearing were given an opportunity to speak at the public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Town Council (the "Council") of the Town as follows:

Section 1. Current Rate System. The Town currently charges users of the System a monthly water charge, consisting of a base rate based on service connection size, which base rate charge includes a base usage amount based on service connection size, and a variable charge for water usage in excess of the base usage amount, all as described in this Section 1.

1.01. Base Rate. The Town currently charges users of the System a monthly base rate (the "Base Rate") based on the size of the meter servicing each connection, which Base Rate charge includes a base usage amount (the "Base Usage Amount") per equivalent dwelling unit (EDU) based on the size of the meter servicing the connection, as follows:

<u>Diameter of Service Line</u>	<u>Monthly Base Rate</u>	<u>EDUs</u>	<u>Monthly Base Usage Amount</u>
¾"	\$16.95	1.00	Initial 3,000 gallons
1"	\$28.82	1.70	Initial 5,100 gallons
1 ½"	\$67.80	4.00	Initial 12,000 gallons
2"	\$120.35	7.10	Initial 21,300 gallons

1.02. Variable Rate. The variable charge for each connection is currently \$1.27 per 1,000 gallons of water, or portion thereof, used per month in excess of the Base Usage Amount (the "Variable Rate").

1.03. Monthly Charge. The monthly water charge (the "Monthly Charge") for each connection consists of the Base Rate plus the Variable Rate for such connection.

Section 2. New Rate System.

2.01. Monthly Charge. Effective as of the May 2012 billing, the Council will raise the Base Rate per month as follows:

<u>Diameter of Service Line</u>	<u>Proposed Monthly Base Rate</u>	<u>EDUs</u>	<u>Monthly Base Usage Amount</u>
¾"	\$17.95	1.00	Initial 3,000 gallons
1"	\$30.52	1.70	Initial 5,100 gallons
1 ½"	\$71.80	4.00	Initial 12,000 gallons
2"	\$127.45	7.10	Initial 21,300 gallons

2.02. Variable Rate. The current Variable Rate of \$1.27 per 1,000 gallons of water, or portion thereof, used per month in excess of the Base Usage Amount will remain the same.

2.03. Monthly Charge. The Monthly Charge for each connection consists of the Base Rate plus the Variable Rate for such connection.

Section 3. Determination of Annual Budget for System. Each year the Council of the Town shall determine the amount of money needed to pay the costs of the System including but not limited to: (a) the payment of the reasonable expense of operation and maintenance of the System; (b) administration of the System; (c) the payment of principal and interest on any bonded or other indebtedness of the System; and (d) the establishment or maintenance of any

required reserves, including reserves needed for expenditures for depreciation and replacement of facilities, as may be determined necessary from time to time by the Council or as covenanted in the ordinance or resolution authorizing any outstanding bonds of the System. Based on the annual needs of the System, the Council will establish monthly charges for the use of the System.


Section 4. Further Rate Increases. Subsequent adjustments to the water rates will be made by resolution of the Town Council duly adopted after a public hearing with notice thereof given as provided by law.

Passed and approved this 9th day of April, 2012.



Mayor

ATTEST:



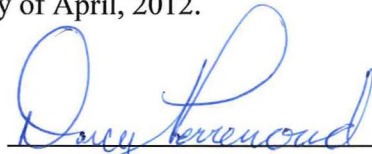
Town Clerk-Treasurer

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the Town of Whitehall, Montana (the "Town"), hereby certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION OF THE TOWN OF WHITEHALL, MONTANA TO AMEND AND SUPERSEDE THE BASIS ON WHICH SEWER CHARGES ARE IMPOSED AND TO INCREASE EXISTING RATES AND CHARGES FOR THE USERS OF THE MUNICIPAL SEWER SYSTEM" (the "Resolution"), on file in the original records of the Town in my legal custody; that the Resolution was duly adopted by the Town Council of the Town at a regular meeting on April 9, 2012, and that the meeting was duly held by the Town 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 Council Members voted in favor thereof: Steve Antoniali,
Mac Smith, Dave Torgerson & Gerry Keogh ; voted
against the same: Myron Belgarde ; abstained from voting
thereon: NONE ; or were absent: Todd Breitenfeldt .

WITNESS my hand officially this 9th day of April, 2012.



Town Clerk-Treasurer

RESOLUTION NO. 8-12

RESOLUTION OF THE TOWN OF WHITEHALL, MONTANA
TO AMEND AND SUPERSEDE THE BASIS ON WHICH
SEWER CHARGES ARE IMPOSED AND TO INCREASE
EXISTING RATES AND CHARGES FOR THE USERS OF THE
MUNICIPAL SEWER SYSTEM

RECITALS

WHEREAS, pursuant to Title 7, Chapter 7, Part 44, Montana Code Annotated, the Town of Whitehall, Montana (the "Town") is authorized to issue bonds for the purpose of financing improvements (the "Improvements") to its sewer system (the "System"); and

WHEREAS, based on the information provided to the Town from the Town's engineering firm, Great West Engineering, Inc., of Helena, Montana (the "Engineer"), the estimated cost of the Improvements is \$5,300,000; and

WHEREAS, the Town proposes to issue a sewer system revenue bond or bonds (collectively, the "Bond") in an amount of approximately \$3,300,000 to pay for a portion of the costs of making the Improvements to the System; and

WHEREAS, costs of the Improvements in excess of the proceeds of the Bond are expected to be paid from a Water Resources Development Act grant in the amount of \$230,000, a Treasure State Endowment Program grant in the amount of \$750,000, a USDA Rural Development grant in the amount of \$750,000, a Department of Natural Resources and Conservation Grant in the amount of \$100,000, and funds the Town has on hand and available therefor in the amount of approximately \$170,000; and

WHEREAS, it will be necessary for the Town to collect sufficient revenues to repay the Bond and to pay the costs associated with the operation and maintenance of the System and establish appropriate reserves; and

WHEREAS, the Town has determined that it is necessary to increase the rates of the System to pay the debt service of the Bond, provide for the costs of operation and maintenance, and establish necessary reserves; and

WHEREAS, pursuant to Resolution No. 01-11, adopted by the Town Council (the "Council") on January 10, 2011, the Town modified the basis on which sewer charges were imposed on users of the System effective as of the March 2011 billing; and

WHEREAS, the Town has now determined that such modification of the sewer charges was not in the best interests of the Town and has determined it is in the best interests of the Town to further adjust the rates and charges for the use and availability of the System to pay for operating and maintaining the System, to fund the anticipated debt service on bonds of the Town payable from revenues of the System, to pay for improvements to the System, and to establish necessary and appropriate reserves; and

WHEREAS, under Section 69-7-101, Montana Code Annotated, the Town has the power and authority to regulate, establish, and change, as it considers proper, rates, charges, and classifications imposed for utility services to its inhabitants and other persons served by the municipal systems. Rates, charges, and classifications must be reasonable and just; and

WHEREAS, the Town Council (the "Council") has determined it is in the best interests of the Town to adjust the rates and charges for the use and availability of the System, to fund the anticipated debt service on the Bond to pay for improvements to the System, to cover operation and maintenance costs of the improved System, and to establish necessary and appropriate reserves; and

WHEREAS, a notice of public hearing was mailed to all users of the Town's System notifying them that, pursuant to Resolution No. 5-12, adopted March 19, 2012, it was the intention of the Town to increase the rates and charges for users of the System and notice of public hearing was published as required by Section 69-7-111, Montana Code Annotated. A public hearing was held on April 9, 2012, at 7:00 p.m. at Town Hall, 2 North Whitehall Street, Whitehall, Montana, for the purpose of hearing comments from the public on the sewer rate increase; and

WHEREAS, all persons appearing were given an opportunity to speak at the public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Town Council (the "Council") of the Town as follows:

Section 1. Current Rate. The Town currently charges users of the System as follows:

For residential services serving one (1) individual living unit: Each service to a residential individual living unit is assessed a charge of \$31.00 per month for metered water service flows up to 3,500 gallons per month plus \$1.50 per each additional 1,000 gallons of metered water service above the base volume (3,500 gallons per month). The service charges for the winter period (November through March) are based on the metered water service for each month during the winter period. The service charges for the summer period (April through October) are based on the average monthly metered water service for the previous five-month winter period.

For residential services serving more than 1 individual living unit (apartment, mobile home unit, etc.): For each service that serves more than one residential living unit, such as, without limitation, an apartment or mobile home unit, a charge is assessed to each residential living unit served by the service. The charge assessed is \$31.00 per month for each individual living unit for an aggregate base flow volume determined by multiplying 3,500 gallons per month by the number of living units; plus \$1.50 per each additional 1,000 gallons of metered water service volume greater than the base flow volume (3,500 gallons per month times the number of units). The service charges for the winter period (November through March) are based on the metered water service for each month during the winter period. The service charges for the summer period (April through October) are based on the average monthly metered water service for the previous five-month winter period.

For business/commercial services serving one (1) individual unit: Each service to an individual business/commercial unit is assessed a charge of \$31.00 per month multiplied by a factor based on the user classification included in the following table for metered water service flows up to 3,500 gallons per month times the user classification factor, plus \$1.50 per each additional 1,000 gallons of metered water service above the base volume for the specific user classification (3,500 gallons per month times user the classification factor). The service charges are based on the metered water service from the month of use, except that the service charges for business/commercial services with landscape irrigation for the summer period (April through October) are based on the average monthly metered water service for the previous five-month winter period (November through March).

User Classification Factor Schedule For Determining Base Rate and Base Flow		
Classification	Factor	Base Rate Determination
All user classification not specifically listed herein	1	Factor times \$31.00 per month per unit
Apartments	1	Factor times \$31.00 per month per unit
Bars	2	Factor times \$31.00 per month per unit
Car Wash (Rate Per Bay)	1.5	Factor times \$31.00 per month per unit
Fast Food Cafe	2	Factor times \$31.00 per month per unit
Hotel with Restaurant (25% of rooms times rate)	Factor = # of rooms divided by 4	Factor times \$31.00 per month per unit
Laundromat	5	Factor times \$31.00 per month per unit
Motels & RV Hookups	Factor = # of units divided by 4	Factor times \$31.00 per month per unit
Restaurant	2	Factor times \$31.00 per month per unit
RV Dump Station	2	Factor times \$31.00 per month per unit
Service Station With Store	2	Factor times \$31.00 per month per unit
Service Station With Wash Wrack	2.35	Factor times \$31.00 per month per unit
Any commercial user with average monthly metered flows (on annual basis) that exceed the base as determined by the above factors by > 7,000 gallons per month	Factor = monthly wastewater flow divided by 3,500	Factor times \$31.00 per month per unit

Any commercial user with average monthly metered flows (on annual basis) less than the base as determined by the above factors by > 7,000 gallons per month	Factor = monthly wastewater flow divided by 3,500	Factor times \$31.00 per month per unit
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For business/commercial services serving more than 1 individual unit (office or business): For each service that serves more than one business/commercial unit, a charge is assessed to each business/commercial unit served by the service. The charge assessed is \$31.00 per month for each business or office unit for an aggregate base flow volume determined by 3,500 gallons per month times the number of units; plus \$1.50 per each additional 1,000 gallons of metered water service volume greater than the base flow volume (3,500 gallons per month times number of units). The service charges are based on the metered water service from the month of use, except that the service charges for business/commercial services with landscape irrigation for the summer period (April through October) are based on the average monthly metered water service for the previous five-month winter period (November through March).

For School District services: The School District is assessed a base charge of \$1,496.00 per month (the equivalent of 44 residential users) for metered water service flows up to 154,000 gallons per month plus \$1.50 per each additional 1,000 gallons of metered water service above the base volume (154,000 gallons per month). The service charges are based on the metered water service for the month of use, except that the service charges for the summer period (April through October) are based on the average monthly metered water service for the previous five-month winter period (November through March).

Section 2. New Rate. Effective as of the May 2012 billing, the Council will amend and supersede the basis on which sewer charges are imposed for the users of the System as follows:

For residential and business/commercial services serving one (1) individual unit: each service to an individual residential living unit or individual business/commercial unit will be charged \$9.05 per 1,000 gallons of water used with a minimum monthly charge of \$18.10. Gallons used in excess of a 1,000-gallon increment will be charged incrementally.

For residential services serving more than 1 individual unit (apartment, mobile home unit, etc.) and for business/commercial services serving more than 1 individual unit (office or business): each residential individual living unit and business/commercial unit will be charged \$9.05 per 1,000 gallons of water used with a minimum monthly charge of \$18.10. Gallons used in excess of 2,000 gallons per month per unit will be apportioned equally among the residential individual living units or business/commercial units connected to the service. Gallons used in excess of 2,000 gallons per unit will be charged incrementally and apportioned to each unit equally based on \$9.05 per 1,000 gallons of water used.

Water usage for each fiscal year beginning July 1 will be based on the average amount of water used in the 5-month period between November and March of each year.

Section 3. Determination of Annual Budget for System. Each year the Council of the Town shall determine the amount of money needed to pay the costs of the System including but not limited to: (a) the payment of the reasonable expense of operation and maintenance of the System; (b) administration of the System; (c) the payment of principal and interest on any bonded or other indebtedness of the System; and (d) the establishment or maintenance of any required reserves, including reserves needed for expenditures for depreciation and replacement of facilities, as may be determined necessary from time to time by the Council or as covenanted in the ordinance or resolution authorizing any outstanding bonds of the System. Based on the annual needs of the System, the Council will establish monthly charges for the use of the System.


Section 4. Further Rate Increases. Subsequent adjustments to the sewer rates will be made by resolution of the Town Council duly adopted after a public hearing with notice thereof given as provided by law.

Passed and approved this 9th day of April, 2012.



Mayor

ATTEST:



Town Clerk-Treasurer

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the Town of Whitehall, Montana (the "Town"), hereby certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION OF INTENTION OF THE TOWN OF WHITEHALL, MONTANA TO MODIFY THE BASIS ON WHICH SOLID WASTE CHARGES ARE IMPOSED AND TO INCREASE EXISTING RATES AND CHARGES FOR THE USERS OF MUNICIPAL SOLID WASTE SERVICES" (the "Resolution"), on file in the original records of the Town in my legal custody; that the Resolution was duly adopted by the Town Council of the Town at a special meeting on March 12, 2012, and that the meeting was duly held by the Town 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 Council Members voted in favor thereof: Steve Antonidi, Mac Smith, Todd Breitenfeldt, Garry Keogh & Myron Belgarde
_____ ; voted against the same: None
_____ ; abstained
from voting thereon: None ;
or were absent: David Torgerson .

WITNESS my hand officially this 12 day of March, 2012.

Dana Freund
Town Clerk-Treasurer

RESOLUTION NO. 07-12

RESOLUTION OF INTENTION OF THE TOWN OF WHITEHALL,
MONTANA TO MODIFY THE BASIS ON WHICH SOLID WASTE
CHARGES ARE IMPOSED AND TO INCREASE EXISTING RATES
AND CHARGES FOR THE USERS OF THE MUNICIPAL SOLID
WASTE SERVICES

RECITALS

WHEREAS, the Town of Whitehall (the "Town") has undertaken to provide solid waste collection and disposal services (the "Solid Waste Services"), including monthly collection and composting of compost material from May through October upon request (the "Compost Material Services"), to residential and commercial properties within the Town; and

WHEREAS, it is necessary to collect sufficient revenues to pay costs associated with providing Solid Waste Services and Compost Material Services; and

WHEREAS, under Sections 7-7-4404 and 69-7-101 and Title 75, Chapter 10, Part 1, Montana Code Annotated, the Town has the power and authority to regulate, establish, and change, as it considers proper, rates, charges, and classifications imposed for utility services to its inhabitants and other persons served by the municipal utilities, including collection and disposal of Solid Waste (as defined in the Town's solid waste Ordinance). Rates, charges, and classifications must be reasonable and just.

NOW, THEREFORE, BE IT RESOLVED by the Town Council (the "Council") of the Town as follows:

Section 1. Intent to Modify Rates and Charges. It is the intent of the Town to modify the basis on which charges are imposed for Solid Waste Services.

Section 2. Current Solid Waste Charges. The Town currently charges all properties in the Town a monthly rate and charge for Solid Waste Services (the "Solid Waste Charge") based on a user classification. The current Solid Waste Charge is as follows:

- A. A base assessment unit is Five and 40/100ths Dollars (\$5.40) per month.
- B. A volume unit is Thirty-five Cents (\$.35) per week.
- C. Based on the above units, dumpster fees are as follows:

One Yard Dumpster (200 Gallons) \$10.62 per month

Two Yard Dumpster (400 Gallons) \$18.45 per month

Three Yard Dumpster (600 Gallons) \$26.10 per month

D. Each additional pick up in excess of the scheduled one pick up per week is charged the following in lieu of additional volume unit charges:

One Yard Dumpster \$7.92 per month

Two Yard Dumpster \$15.84 per month

Three Yard Dumpster \$23.76 per month

E. Special call pick up charges are determined on a case by case basis.

F. All of the base assessment unit, volume unit and additional pick up and hauling charges are billed to the owner of record of the real property and are for the previous month. Payment is due within 30 days of the date of the bill.

G. The owner of the real property upon which the residence or business is located is ultimately liable and responsible for the payment of Solid Waste charges.

Section 3. Proposed Solid Waste Charge. Effective as of the Town's May 2012 billing, the Town proposes to modify the Solid Waste Charge, as follows:

3.1 Proposed 90-Gallon Garbage Can Rate. The Town proposes to charge a monthly rate equal to \$7.40 multiplied by the number of scheduled collections per week for each 90-gallon garbage can. For example, a user with a 90-gallon garbage can with Solid Waste collection scheduled once per week would pay a monthly charge of \$7.40, while a user with a 90-gallon garbage can with Solid Waste collection scheduled twice per week would pay a monthly charge of \$14.80.

It is estimated this proposed rate structure represents an increase in the current average Solid Waste Charge of approximately 37% per user with a 90-gallon garbage can.

3.2 Proposed 300-Gallon Dumpster Rate. The Town proposes to charge a monthly rate equal to \$20.50 multiplied by the number of scheduled Solid Waste collections per week for users with 300-gallon dumpsters. For example, a user with a 300-gallon dumpster with Solid Waste collection scheduled once per week would pay a monthly charge of \$20.50, a user with a 300-gallon dumpster with Solid Waste collection scheduled twice per week would pay a monthly charge of \$41.00, and a user with a 300-gallon dumpster with Solid Waste collection scheduled three times per week would pay a monthly charge of \$61.50.

It is estimated this proposed rate structure represents an increase in the current average Solid Waste Charge of approximately 11% per user with a 300-gallon dumpster.

3.3 Proposed Rate for Users Sharing 300-Gallon Dumpster. For users sharing a 300-gallon dumpster, the Town proposes to charge a monthly rate to each user equal to the 90-gallon garbage can rate. For example, for three users sharing a 300-gallon dumpster with Solid Waste collection scheduled once per week, each user would pay a monthly charge of \$7.40. For three users sharing a 300-gallon dumpster with Solid Waste collection scheduled twice per week, each user would pay a monthly charge of \$14.80.

It is estimated this proposed rate structure represents an increase in the current average Solid Waste Charge of approximately 37% for each user sharing a 300-gallon dumpster.

3.4 Solid Waste Collection Schedule. Solid Waste will be collected from Residences and Businesses once per week unless additional weekly collection is requested. Requests for additional weekly collection must be made in writing to the Town Clerk-Treasurer. Special requests for additional, irregularly scheduled or one-time-only collection are within the discretion of the Town to grant or refuse, and will be charged on a case-by-case basis.

3.5 Billing and Payment. The Solid Waste Charge will be billed to the owner of record of the real property benefited by the Solid Waste Services, and will be for the previous month. Payment will be due on the 10th of each month.

Section 4. Public Hearing. A public hearing on the proposed rate increase will be held on April 9, 2012, commencing at 7:00 p.m. at Town Hall, 2 North Whitehall Street, Whitehall, Montana.

Section 5. Notice. The Town Clerk-Treasurer is hereby authorized and directed to publish or cause to be published a copy of a notice of the passage of this resolution in the *Whitehall Ledger*, a newspaper of general circulation in the Town, on March 22, March 29 and April 5, 2012, in the form and manner prescribed by law, and to mail or cause to be mailed a copy of said notice to all persons served by the System at least 7 days and not more than 30 days prior to the public hearing. The mailed notice must contain an estimate of the amount that the customer's average bill will increase. The Town Clerk is also authorized and directed to mail first class, postage prepaid, notice of all hearings to the Montana consumer counsel.


Section 6. Further Rate Increases. Subsequent adjustments to the Solid Waste Charge and charges for Compost Material Services will be made by resolution of the Town Council duly adopted after a public hearing with notice thereof given as provided by law.

Passed and approved this 12th day of March, 2012.



Mayor

Attest:



Town Clerk-Treasurer

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of Town of Whitehall, Montana (the "Town"), hereby certify that the attached is a true copy of Resolution No. 06-12, entitled: "RESOLUTION OF INTENTION OF THE TOWN OF WHITEHALL, MONTANA TO INCREASE RATES FOR THE USERS OF THE TOWN'S WATER SYSTEM" (the "Resolution"), on file in the original records of the Town in my legal custody; that the Resolution was duly adopted by the Town Council of the Town at its regular meeting on March 12, 2012, and that the meeting was duly held by the Town 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 Council Members voted in favor thereof: Steve Antonoli, Mac Smith, Todd Breitenfeldt, Gerry Keogh & Myron Belgarde; voted against the same: None; abstained from voting thereon: None; or were absent: David Torgerson.

WITNESS my hand officially this 12th day of March, 2012.

Darcy Penwood
Town Clerk-Treasurer

RESOLUTION NO. 05-12

RESOLUTION OF INTENTION OF THE TOWN OF
WHITEHALL, MONTANA TO AMEND AND SUPERSEDE
THE BASIS ON WHICH SEWER CHARGES ARE IMPOSED
AND TO INCREASE EXISTING RATES AND CHARGES FOR
THE USERS OF THE MUNICIPAL SEWER SYSTEM

RECITALS

WHEREAS, pursuant to Title 7, Chapter 7, Part 44, Montana Code Annotated, the Town of Whitehall, Montana (the "Town") is authorized to issue bonds for the purpose of financing improvements (the "Improvements") to its sewer system (the "System"); and

WHEREAS, based on the information provided to the Town from the Town's engineering firm, Great West Engineering, Inc., of Helena, Montana, (the "Engineer"), the estimated cost of the Improvements is \$5,300,000; and

WHEREAS, the Town proposes to issue a sewer system revenue bond (the "Bond") in an amount of approximately \$3,300,000 to pay for a portion of the costs of making the Improvements to the System; and

WHEREAS, costs of the Improvements in excess of the proceeds of the Bond are expected to be paid from a Water Resources Development Act grant in the amount of \$230,000, a Treasure State Endowment Program grant in the amount of \$750,000, a USDA Rural Development grant in the amount of \$750,000, a Department of Natural Resources and Conservation Grant in the amount of \$100,000, and funds the Town has on hand and available therefor in the amount of approximately \$170,000; and

WHEREAS, it will be necessary for the Town to collect sufficient revenues to repay the Bond and to pay the costs associated with the operation and maintenance of the System and establish appropriate reserves; and

WHEREAS, the Town has determined that it is necessary to increase the rates of the System to pay the debt service of the Bond, provide for the costs of operation and maintenance, and establish necessary reserves; and

WHEREAS, pursuant to Resolution No. 01-11, adopted by the Town Council (the "Council") on January 10, 2011, the Town modified the basis on which sewer charges were imposed on users of the System effective as of the March 2011 billing; and

WHEREAS, the Town has now determined that such modification of the sewer charges was not in the best interests of the Town and has determined it is in the best interests of the Town to further adjust the rates and charges for the use and availability of the System to pay for operating and maintaining the System, to fund the anticipated debt service on bonds of the Town, to pay for improvements to the System, and to establish necessary and appropriate reserves; and

WHEREAS, under Section 69-7-101, Montana Code Annotated, the Town has the power and authority to regulate, establish, and change, as it considers proper, rates, charges, and

classifications imposed for utility services to its inhabitants and other persons served by the municipal systems. Rates, charges, and classifications must be reasonable and just; and

WHEREAS, pursuant to Section 69-7-111, Montana Code Annotated, the Council shall order a public hearing prior to the passage or enactment of an ordinance or resolution imposing, establishing, changing or increasing rates, fees, or charges for services or facilities.

NOW, THEREFORE, BE IT RESOLVED by the Town Council (the "Council") of the Town as follows:

Section 1. Intent to Increase Sewer System Rates. It is the intent of the Town to amend and supersede the basis on which sewer charges are imposed for the users of the System in anticipation of the issuance of the Bond.

Section 2. Current Rate. The Town currently charges users of the System as follows:

For residential services serving one (1) individual living unit: Each service to a residential individual living unit is assessed a charge of \$31.00 per month for metered water service flows up to 3,500 gallons per month plus \$1.50 per each additional 1,000 gallons of metered water service above the base volume (3,500 gallons per month). The service charges for the winter period (November through March) are based on the metered water service for each month during the winter period. The service charges for the summer period (April through October) are based on the average monthly metered water service for the previous five-month winter period.

For residential services serving more than 1 individual living unit (apartment, mobile home unit, etc.): For each service that serves more than one residential living unit, such as, without limitation, an apartment or mobile home unit, a charge is assessed to each residential living unit served by the service. The charge assessed is \$31.00 per month for each individual living unit for an aggregate base flow volume determined by multiplying 3,500 gallons per month by the number of living units; plus \$1.50 per each additional 1,000 gallons of metered water service volume greater than the base flow volume (3,500 gallons per month times the number of units). The service charges for the winter period (November through March) are based on the metered water service for each month during the winter period. The service charges for the summer period (April through October) are based on the average monthly metered water service for the previous five-month winter period.

For business/commercial services serving one (1) individual unit: Each service to an individual business/commercial unit is assessed a charge of \$31.00 per month multiplied by a factor based on the user classification included in the following table for metered water service flows up to 3,500 gallons per month times the user classification factor, plus \$1.50 per each additional 1,000 gallons of metered water service above the base volume for the specific user classification (3,500 gallons per month times user the classification factor). The service charges are based on the metered water service from the month of use, except that the service charges for business/commercial services with landscape irrigation for the summer period (April through October) are based on the average monthly metered water service for the previous five-month winter period (November through March).

RESOLUTION NO. 06-12

RESOLUTION OF INTENTION OF THE TOWN OF
WHITEHALL, MONTANA TO INCREASE RATES FOR THE
USERS OF THE TOWN'S WATER SYSTEM

WHEREAS, the Town of Whitehall, Montana (the "Town") has undertaken to provide water services to local residents and businesses through its water system (the "System"); and

WHEREAS, pursuant to Ordinance No. 400.090 and Resolution No. 7.96, the Town established a monthly rate for the System (the "Current Rate System"); and

WHEREAS, the Town has determined that the Current Rate System does not produce sufficient revenues to repay the bonds currently outstanding and payable from the net revenues of the System, to pay the costs associated with the operation and maintenance of the System, and to establish appropriate operating reserves; and

WHEREAS, under Section 69-7-101, Montana Code Annotated, the Town has the power and authority to regulate, establish, and change, as it considers proper, rates, charges, and classifications imposed for utility services to its inhabitants and other persons served by the municipal systems. Rates, charges, and classifications must be reasonable and just; and

WHEREAS, pursuant to Section 69-7-111, Montana Code Annotated, the Town Council of the Town (the "Council") shall order a public hearing prior to the passage or enactment of an ordinance or resolution imposing, establishing, changing or increasing rates, fees, or charges for services or facilities.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town as follows:

Section 1. Intent to Increase Water User Charges. It is the intent of the Town to implement a rate increase for users of the System as set forth herein.

Section 2. Current Rate System. The Town currently charges users of the System a monthly water charge, consisting of a base rate based on service connection size, which base rate charge includes a base usage amount based on service connection size, and a variable charge for water usage in excess of the base usage amount, all as described in this Section 2.

2.01 Base Rate. The Town currently charges users of the System a monthly base rate (the "Base Rate") based on the size of the meter servicing each connection, which Base Rate charge includes a base usage amount (the "Base Usage Amount") per equivalent dwelling unit (EDU) based on the size of the meter servicing the connection, as follows:

<u>Diameter of Service Line</u>	<u>Monthly Base Rate</u>	<u>EDUs</u>	<u>Monthly Base Usage Amount</u>
¾"	\$16.95	1.00	Initial 3,000 gallons
1"	\$28.82	1.70	Initial 5,100 gallons
1 ½"	\$67.80	4.00	Initial 12,000 gallons
2"	\$120.35	7.10	Initial 21,300 gallons

2.02 Variable Rate. The variable charge for each connection is currently \$1.27 per 1,000 gallons of water, or portion thereof, used per month in excess of the Base Usage Amount (the “Variable Rate”).

2.03 Monthly Charge. The monthly water charge (the “Monthly Charge”) for each connection consists of the Base Rate plus the Variable Rate for such connection.

Section 3. Proposed Rate System.

3.01 Proposed Monthly Base Rate. The Town proposes to raise the Base Rate (the “Proposed Base Rate”) per month effective as of the May 2012 water billing as follows:

<u>Diameter of Service Line</u>	<u>Proposed Monthly Base Rate</u>	<u>EDUs</u>	<u>Monthly Base Usage Amount</u>
¾”	\$17.95	1.00	Initial 3,000 gallons
1”	\$30.52	1.70	Initial 5,100 gallons
1 ½”	\$71.80	4.00	Initial 12,000 gallons
2”	\$127.45	7.10	Initial 21,300 gallons

3.02 Variable Rate. The Town proposes to keep its current Variable Rate of \$1.27 per 1,000 gallons of water, or portion thereof, used per month in excess of the Base Usage Amount.

3.03 Proposed Monthly Charge. The proposed monthly water charge for each connection consists of the Proposed Base Rate plus the Variable Rate for such connection.

Section 4. Rate of Increase. The proposed Monthly Charge represents an increase of approximately 6% over the existing rate.

Section 5. Determination of Annual Budget for System. At least once every year the Council shall determine the amount of money needed to pay the costs of the System including but not limited to: (a) the payment of the reasonable expense of operation and maintenance of the System; (b) administration of the System; (c) the payment of principal and interest on any bonded or other indebtedness of the System; and (d) the establishment or maintenance of any required reserves, including reserves needed for expenditures for depreciation and replacement of facilities, as may be determined necessary from time to time by the Council or as covenanted in the ordinance or resolution authorizing any outstanding bonds of the System. Based on the annual needs of the System, the Council will establish monthly charges for the use of the System.

Section 6. Further Rate Increases. Subsequent adjustment to the rates and charges for the use of the System will be made by a resolution of the Council duly adopted after a public hearing with notice thereof given as provided by law, if required.

Section 7. Public Hearing. A public hearing on the rate increase will be held on April 9, commencing at 7:00 p.m. at Town Hall, 2 North Whitehall Street, Whitehall, Montana.

Section 8. Notice. The Town Clerk-Treasurer is hereby authorized and directed to publish or cause to be published a copy of a notice of the passage of this resolution in the *Whitehall Ledger*, a newspaper of general circulation in the Town, on March 22, March 29, and April 5, 2012, in the form and manner prescribed by law, and to mail or cause to be mailed a copy of said notice to all persons served by the System at least 7 days and not more than 30 days prior to the public hearing. The mailed notice must contain an estimate of the amount that the customer's average bill will increase. The Town Clerk-Treasurer is also authorized and directed to mail first class, postage prepaid, notice of all hearings to the Montana consumer counsel.

Section 9. Effective Date of Resolution. This resolution shall become effective upon passage.

Passed and approved this 12th day of March, 2012.

Attest:


Town Clerk-Treasurer


Mayor

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of Town of Whitehall, Montana (the "Town"), hereby certify that the attached is a true copy of a Resolution entitled: "RESOLUTION OF INTENTION OF THE TOWN OF WHITEHALL, MONTANA TO AMEND AND SUPERSEDE THE BASIS ON WHICH SEWER CHARGES ARE IMPOSED AND TO INCREASE EXISTING RATES AND CHARGES FOR THE USERS OF THE MUNICIPAL SEWER SYSTEM" (the "Resolution"), on file in the original records of the Town in my legal custody; that the Resolution was duly adopted by the Town Council of the Town at a special meeting on March 19, 2012, and that the meeting was duly held by the Town 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 Council Members voted in favor thereof: Steve Antonielli,
Mac Smith, Todd Breitenfeldt & Gerry Keogh; voted against the same: None; abstained from voting thereon: None
; or were absent: David Torgerson & Myron Belgarde

WITNESS my hand officially this 19th day of March, 2012.

Darcy Lawrence
Town Clerk/Treasurer

User Classification Factor Schedule For Determining Base Rate and Base Flow		
Classification	Factor	Base Rate Determination
All user classification not specifically listed herein	1	Factor times \$31.00 per month per unit
Apartments	1	Factor times \$31.00 per month per unit
Bars	2	Factor times \$31.00 per month per unit
Car Wash (Rate Per Bay)	1.5	Factor times \$31.00 per month per unit
Fast Food Cafe	2	Factor times \$31.00 per month per unit
Hotel with Restaurant (25% of rooms times rate)	Factor = # of rooms divided by 4	Factor times \$31.00 per month per unit
Laundromat	5	Factor times \$31.00 per month per unit
Motels & RV Hookups	Factor = # of units divided by 4	Factor times \$31.00 per month per unit
Restaurant	2	Factor times \$31.00 per month per unit
RV Dump Station	2	Factor times \$31.00 per month per unit
Service Station With Store	2	Factor times \$31.00 per month per unit
Service Station With Wash Wrack	2.35	Factor times \$31.00 per month per unit
Any commercial user with average monthly metered flows (on annual basis) that exceed the base as determined by the above factors by > 7,000 gallons per month	Factor = monthly wastewater flow divided by 3,500	Factor times \$31.00 per month per unit
Any commercial user with average monthly metered flows (on annual basis) less than the base as determined by the above factors by > 7,000 gallons per month	Factor = monthly wastewater flow divided by 3,500	Factor times \$31.00 per month per unit

For business/commercial services serving more than 1 individual unit (office or business): For each service that serves more than one business/commercial unit, a charge is assessed to each business/commercial unit served by the service. The charge assessed is \$31.00 per month for each business or office unit for an aggregate base flow volume determined by 3,500 gallons per month times the number of units; plus \$1.50 per each additional 1,000 gallons

of metered water service volume greater than the base flow volume (3,500 gallons per month times number of units). The service charges are based on the metered water service from the month of use, except that the service charges for business/commercial services with landscape irrigation for the summer period (April through October) are based on the average monthly metered water service for the previous five-month winter period (November through March).

For School District services: The School District is assessed a base charge of \$1,496.00 per month (the equivalent of 44 residential users) for metered water service flows up to 154,000 gallons per month plus \$1.50 per each additional 1,000 gallons of metered water service above the base volume (154,000 gallons per month). The service charges are based on the metered water service for the month of use, except that the service charges for the summer period (April through October) are based on the average monthly metered water service for the previous five-month winter period (November through March).

Section 3. Proposed Rate. The Council proposes to amend and supersede the basis on which sewer charges are imposed for the users of the System effective as of the May 2012 sewer billing. The proposed rates and charges for use and availability of the System are as follows:

For residential and business/commercial services serving one (1) individual unit: each service to an individual residential living unit or individual business/commercial unit will be charged \$9.05 per 1,000 gallons of water used with a minimum monthly charge of \$18.10. Gallons used in excess of a 1,000-gallon increment would be charged incrementally.

For residential services serving more than 1 individual unit (apartment, mobile home unit, etc.) and for business/commercial services serving more than 1 individual unit (office or business): each residential individual living unit and business/commercial unit will be charged \$9.05 per 1,000 gallons of water used with a minimum monthly charge of \$18.10. Gallons used in excess of 2,000 gallons per month per unit would be apportioned equally among the residential individual living units or business/commercial units connected to the service. Gallons used in excess of 2,000 gallons per unit would be charged incrementally and apportioned to each unit equally based on \$9.05 per 1,000 gallons of water used.

Water usage for each fiscal year beginning July 1 will be based on the average amount of water used in the 5-month period between November and March of each year.

For example, using the average water use for fiscal year 2010-2011 of 4,952 gallons per user per month, the proposed rate would result in a monthly charge of \$44.82 (\$18.10 (minimum charge per user) + \$26.72 (for usage above minimum) = \$44.82). And assuming 3 residential individual living units served by one service that registers 9,500 gallons used per month, the proposed rate per unit per month would be \$28.66.

Section 4. Rate of Increase. Under the current rate, a residential user of the System using 4,952 gallons of water in a month would be charged \$33.18. The proposed rate represents an increase of approximately 35% over the existing rate for residential users. For business/commercial users, the percentage increase represented by the proposed rates and charges will vary based on user classification under the current rate system.

Section 5. Determination of Annual Budget for the System. At least once each year the Council of the Town shall determine the amount of money needed to pay the costs of the System including but not limited to: (a) the payment of the reasonable expense of operation and maintenance of the System; (b) administration of the System; (c) the payment of principal and interest on any bonded or other indebtedness of the System; and (d) the establishment or maintenance of any required reserves, including reserves needed for expenditures for depreciation and replacement of facilities, as may be determined necessary from time to time by the Council or as covenanted in the ordinance or resolution authorizing any outstanding bonds of the System. Based on the annual needs of the System, the Council will establish monthly charges for the use and availability of the System.

Section 6. Further Rate Increases. Subsequent adjustment to the rates and charges for the use of the System will be made by a resolution of the Council duly adopted after a public hearing with notice thereof given as provided by law.

Section 7. Public Hearing. A public hearing on the rate increases for the System will be held on April 9, 2012, commencing at 7:00 p.m. at Town Hall, 2 North Whitehall Street, Whitehall, Montana.

Section 8. Notice. The Town Clerk-Treasurer is hereby authorized and directed to publish or cause to be published a copy of a notice of the passage of this resolution in the *Whitehall Ledger*, a newspaper of general circulation in the Town, on March 21, March 28, and April 4, 2012, and to mail or cause to be mailed a copy of said notice to all persons who own property in the Town and to all customers of the System at least 7 days and not more than 30 days prior to the public hearing. The mailed notice must contain an estimate of the amount that the customer's average bill will increase. The Town Clerk is also authorized and directed to mail first class, postage prepaid, notice of all hearings to the Montana consumer counsel.

Passed and approved this 19th day of March, 2012.

Attest:



Town Clerk-Treasurer



Mayor

LOAN RESOLUTION
(Public Bodies)A RESOLUTION OF THE Town CouncilOF THE Whitehall, Town OfAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITSSewer FY 09

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Whitehall, Town Of
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

THREE HUNDRED THOUSAND AND XX / 100 DOLLARS (300,000.00)

pursuant to the provisions of _____; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:**NOW THEREFORE**, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed _____

under the terms offered by the Government; that Mayor
 and Mayor Pro Temp of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 5 Nays 0 Absent 1

IN WITNESS WHEREOF, the Town Council of the Whitehall, Town Of has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 13th day of Feb., 2012

(SEAL) (if applicable)

Attest: Liana Parks
 Title Deputy Clerk

Whitehall, Town Of
 By M. J. Hensleigh
 Title Mayor

LOAN RESOLUTION SECURITY AGREEMENT

A RESOLUTION OF THE Town Council

OF THE Whitehall, Town Of
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS IN THE

PRINCIPAL AMOUNT OF \$3,000,000 FOR THE PURPOSE

OF PROVIDING A PORTION OF THE COST OF ACQUIRING AND CONSTRUCTING A
Sewer FY 09 FACILITY, PROVIDING FOR THE COLLECTION, HANDLING,
AND DISPOSITION OF REVENUES THEREFROM, AND AUTHORIZING MAKINGS OF PROMISSORY
NOTE(S), SECURITY INSTRUMENTS, AND PLEDGES OF REVENUES TO EVIDENCE AND
SECURE THE PAYMENT OF SAID INDEBTEDNESS AND FOR RELATED PURPOSES.

WHEREAS, the Whitehall, Town Of

(hereinafter referred to as the "Organization"), was organized under _____
_____ for the purpose of providing a

govern town (hereinafter referred to
as the "Facility") to serve the Members of the said Organization; and

WHEREAS, a meeting of the members of the said organization was held on the _____ day of _____
pursuant to proper notice thereof to consider plans for the acquisition and construction methods of financing the Facility; and,
as shown by the minutes of said meeting, of the _____ members of record of the organization there were
present and voting _____, and by a recorded majority vote, the Facility and its financing authorized; and,

WHEREAS, the proposed Facility is to be constructed and equipped in accordance with plans and specifications
prepared by Great West Engineering

and in order to finance the Facility, the Town Council
(hereinafter referred to as the "Board") is authorized and empowered, in their discretion, for and in the name of the
organization, to make application to the United States of America, acting through the United States Department of Agriculture,
(hereinafter referred to as the "Government"), for financial assistance; to cause the execution and delivery of a promissory
note or notes or other evidence of indebtedness (hereinafter referred to as the "note"), and appropriate security instruments
to secure any loan or loans made or insured by the Government; to comply with any requirements, terms or conditions prescribed
by the Government or by Government regulations; and to execute contracts or enter into agreements and, without limitation, to take
any and all other action as may be necessary, incidental or appropriate to finance, acquire, construct, complete, and/or equip the Facility
for and on behalf of the Organization.

NOW THEREFORE, it is hereby resolved by the Board as follows:

Section 1. (Determination of Board). That it is necessary to defray a portion of the costs of financing the Facility by obtaining
a loan made or insured by the Government in accordance with applicable provisions of the Consolidated Farm and Rural Development
Act, it being determined that the Organization is unable to obtain sufficient credit elsewhere to finance the Facility, taking into
consideration prevailing private and cooperative rates and terms currently available;

Section 2. (Terms of Loan). That the Organization borrow \$3,000,000 and issue as evidence thereof an installment promissory note in the form prescribed by the Government for the full principal amount of the loan. The note shall be signed by the President, attested by the Secretary, and have the corporate seal of the Organization affixed

thereto, and shall bear interest from its date, which shall be the date of delivery, at a rate not to exceed 3.7500% percent per annum;

the principal and interest shall be paid over a period of 40 years in accordance with the payment schedule set forth in payment of the accrued interest and second to the payment of the principal. Prepayments of any installment may be made in any amount at any time at the option of the Organization.

Section 3. (Assignment and Pledge of Revenue). The indebtedness hereby authorized to be incurred, together with the interest thereon, shall be payable from the gross income and revenue to be derived from the operation of the Facility, a sufficient portion of which, to pay the principal and interest as and when the same shall become due, is hereby assigned, and pledged and shall be set aside for that purpose and this assignment and pledge shall extend to and include any assessments that may be levied pursuant to Section 5 (d) hereof.

Section 4. (Protection and Disposition of Funds). The Town Clerk of the Organization shall be the custodian of all funds of the Organization. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.

The Town Clerk is hereby directed to establish the following accounts into which the current funds shall be continually maintained, except as otherwise provided, so long as the indebtedness hereby authorized remains unpaid:

(a) Construction Account.

The proceeds of the borrowing hereby authorized not disbursed contemporaneously with loan closing for incurred Facility

costs, and at least the amount of \$170,000 to be contributed by the Organization from the collection of initial connection fees, membership fees, or contributions shall be deposited in the Construction Account, which shall be established as required by the Government. Withdrawals from the construction account shall be made only on checks signed by the

Town Clerk of the Organization as authorized by the Board from time to time, and with prior concurrence of the Government. At the option of the Government, the construction account may be established as a "supervised bank account". Amounts in the supervised bank account exceeding \$100,000 shall be secured by the depository bank in advance in accordance with U.S. Treasury Department Circular No. 176. Withdrawals from a supervised bank account

shall be made only on checks signed by the Town Clerk of the Organization and countersigned by an authorized official of the Department of Agriculture. The Organization's share of any insurance or liquidated damages and other monies paid by defaulting contractors or their sureties will be deposited in the Construction Account to assure completion of the Facility. When all construction costs have been paid in full, any balance remaining in the Construction Account may be applied on the loan or used for other authorized purposes that have been approved by the Government and the Construction Account shall be closed.

(b) General Account

As soon as the facility becomes revenue producing, all funds received shall be set aside in an account to be designated as the General Account, and disbursements and transfers from this account shall be in the following priority: Debt Service, Operations and Maintenance, transfers to Reserve Account. Monies deposited in the General Account shall be used only in the manner and order as follows:

(1) Borrowers making monthly USDA Debt Service Payments shall use the General Account for making such payments plus operating and maintenance expenses. Also, funds will be transferred from this account to the Reserve Account in accordance with (d) below.

(2) Borrowers making other than monthly USDA Debt Service Payments shall use the General Account to pay operating and maintenance expenses. Other transfers from this account will be made in the following order: (i) Transfers to the Debt Service Account will be made in accordance with (c) below, (ii) Transfers to the Reserve Account will be made in accordance with (d) below.

(c) Debt Service Account

For borrowers on other than monthly debt service payments, transfers, in proportion to income availability, shall be made from the General Account and set aside in an account designated as the Debt Service Account, in sufficient amounts which will accumulate for the next installment on the note.

(d) Reserve Account

From the remaining funds in the General Account, after transfers and payments required in (b) (1) or (b) (2) and (c), there

shall be set aside into an account(s) designated as the Reserve Account(s) the sum of

\$101.00

each month until the sum of \$12,120.00 is reached. With the prior written approval of the Government, funds may be withdrawn and used for such things as loan installments, emergency maintenance, extensions to facilities and replacement of short-lived assets, subject to conditions established by the Government.

(e) Whenever there shall accumulate in the General Account amounts in excess of those required in subsections (b)(1) and (2), (c), and (d), such excess will be used by the organization to make prepayments on the loan or retained in the General Account.

(f) The accounts required in subsections (b)(1) and (2), (c), and (d) may be established and maintained as bookkeeping accounts or as separate bank accounts at the election of the Organization, unless otherwise directed by the Government.

indebtedness hereby authorized remains unpaid;

Section 5. (Other Covenants and Agreements of the Organization). The Organization covenants and agrees that so long as the indebtedness hereby authorized remains unpaid;

(a) It will indemnify the Government for any payments made or losses suffered by the Government.

(b) It will comply with applicable State laws and regulations and continually operate and maintain the Facility in good condition.

(c) It will impose and collect such rates and charges that gross revenues will be sufficient at all times to provide for payment of the operation and maintenance thereof, the installment payments on the note; and the maintenance of the various funds herein created. All service rendered by or use of the Facility shall be subject to the full rates prescribed in the rules and regulations of the Organization; no free service by or use of the Facility will be permitted.

(d) It will cause to be levied and collected such assessments as may be necessary to operate and maintain the Facility in good condition and meet installment payments on the note when the same become due if, for any reason, gross revenues are insufficient.

(e) It will establish and maintain such books and records relating to the operation of the system and its financial affairs, and will provide for the annual audit thereof, in such manner as may be required by the Government; will provide the Government without its request a copy of each such audit; and will make and forward to the Government such additional information and reports as it may from time to time require.

(f) It will provide the Government, at all reasonable times, access to all books and records relating to the Facility and access to the property of the Facility so that the Government may ascertain that the Organization is complying with the provisions hereof and with the provisions of other instruments incident to the making or insuring of the loan.

(g) It will maintain at least such insurance and fidelity bond coverage as may be required by the Government.

(h) It will not borrow any money from any source or enter into any contract or agreement or incur any other liabilities in connection with making extensions or improvements to the Facility, exclusive of normal maintenance, without obtaining the prior written consent of the Government.

(i) It will not cause or permit any voluntary dissolution of its organization, or merge or consolidate with any other organization, without obtaining the prior written consent of the Government. It will not dispose of or transfer title to the facility or any part thereof, including lands and interest in lands, by sale, security instrument, lease or other encumbrance, without obtaining the prior written consent of the Government. Revenue in excess of the amount required to maintain the accounts described by Section 4 herein will not be distributed or transferred to any other organization or legal entity.

(j) It will not modify or amend the Articles of Incorporation or the Bylaws of the Organization without the written consent of the Government,

(k) It will provide adequate service to all persons within the service area who can feasibly and legally be served and will obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the organization or public body.

(l) All present and future contract rights, accounts receivable, and general intangibles arising in connection with the facility are pledged as security for the loan.

(m) It will comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing adverse environmental impacts of the facility's construction or operation.

Section 6. (Security Instruments). In order to secure the payment of the principal and interest of the note, the President and Secretary of the Organization are hereby authorized and directed to execute and deliver good and sufficient lien instruments, where necessary, encumbering the properties and assets both real and personal constituting said Facility, as completed or as the same may be thereafter extended, including an assignment and pledge of revenues and such other instruments as may be prescribed by the Government

Section 7. (Refinancing). If at any time it shall appear to the Government that the Organization is able to refinance the amount of the indebtedness then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources at reasonable rates and terms for loans for similar purposes and periods of time, the Organization will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take such actions as may be required in connection with such loan.

Section 8. ("Equal Employment Opportunity under Construction Contracts and Nondiscrimination"). The President and the Secretary be and they are hereby authorized and directed to execute for and on behalf of the Organization, Form RD 400-1, "Equal Opportunity Agreement", and Form RD 400-4, "Assurance Agreement".

Section 9. In the case of a grant in the sum not to exceed \$750,000, the Organization hereby accepts the grant under the terms as offered by the Government and that the Mayor and Mayor Pro Temp of the Organization are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant and the Organization hereby resolves to operate the facility under the terms as offered in said grant agreement(s).

Section 10. Default under the provisions of this agreement or any instrument incident to the making or issuing of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Organization, and default under any such instrument may be construed by the Government to constitute default hereunder.

Section 11. (Resolution of Contract). The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instruments, shall constitute a contract between the Organization and the Government or assignee so long as the note hereby authorized remains unpaid.

Section 12. This resolution shall take effect and be in force from and after the _____ day of _____, being the date of its enactment.

The vote was: Yeas 5 Nays 0 Absent 1

Whitehall, Town Of

(SEAL) (if applicable)

By M. J. Hensleigh

Attest: Diana Parks

Title Mayor

Title Deputy Clerk

CERTIFICATION

I, the undersigned, as secretary of the Whitehall, Town Of hereby certify that the Town Council of such Organization or Corporation is composed of _____ members of whom _____, constituting a quorum, were present at a meeting thereof duly called and held on the _____ day of _____; that the foregoing resolution was adopted at such meeting by the vote shown above, and that said resolution has not been rescinded or amended in any way.

Dated, this _____ day of _____.

Secretary of Whitehall, Town Of

LOAN RESOLUTION SECURITY AGREEMENT

A RESOLUTION OF THE Town Council

OF THE Whitehall, Town Of
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS IN THE

PRINCIPAL AMOUNT OF \$300,000 FOR THE PURPOSE

OF PROVIDING A PORTION OF THE COST OF ACQUIRING AND CONSTRUCTING A
Sewer FY 09 FACILITY, PROVIDING FOR THE COLLECTION, HANDLING,
AND DISPOSITION OF REVENUES THEREFROM, AND AUTHORIZING MAKINGS OF PROMISSORY
NOTE(S), SECURITY INSTRUMENTS, AND PLEDGES OF REVENUES TO EVIDENCE AND
SECURE THE PAYMENT OF SAID INDEBTEDNESS AND FOR RELATED PURPOSES.

WHEREAS, the Whitehall, Town Of

(hereinafter referred to as the "Organization"), was organized under _____
_____ for the purpose of providing a

govern town (hereinafter referred to
as the "Facility") to serve the Members of the said Organization; and

WHEREAS, a meeting of the members of the said organization was held on the _____ day of _____
pursuant to proper notice thereof to consider plans for the acquisition and construction methods of financing the Facility; and,
as shown by the minutes of said meeting, of the _____ members of record of the organization there were
present and voting _____, and by a recorded majority vote, the Facility and its financing authorized; and,

WHEREAS, the proposed Facility is to be constructed and equipped in accordance with plans and specifications
prepared by Great West Engineering

and in order to finance the Facility, the Town Council
(hereinafter referred to as the "Board") is authorized and empowered, in their discretion, for and in the name of the
organization, to make application to the United States of America, acting through the United States Department of Agriculture,
(hereinafter referred to as the "Government"), for financial assistance; to cause the execution and delivery of a promissory
note or notes or other evidence of indebtedness (hereinafter referred to as the "note"), and appropriate security instruments
to secure any loan or loans made or insured by the Government; to comply with any requirements, terms or conditions prescribed
by the Government or by Government regulations; and to execute contracts or enter into agreements and, without limitation, to take
any and all other action as may be necessary, incidental or appropriate to finance, acquire, construct, complete, and/or equip the Facility
for and on behalf of the Organization.

NOW THEREFORE, it is hereby resolved by the Board as follows:

Section 1. (Determination of Board). That it is necessary to defray a portion of the costs of financing the Facility by obtaining
a loan made or insured by the Government in accordance with applicable provisions of the Consolidated Farm and Rural Development
Act, it being determined that the Organization is unable to obtain sufficient credit elsewhere to finance the Facility, taking into
consideration prevailing private and cooperative rates and terms currently available;

Section 2. (Terms of Loan). That the Organization borrow \$300,000 and issue as evidence thereof an installment promissory note in the form prescribed by the Government for the full principal amount of the loan. The note shall be signed by the President, attested by the Secretary, and have the corporate seal of the Organization affixed

thereto, and shall bear interest from its date, which shall be the date of delivery, at a rate not to exceed 3.0000% percent per annum;

the principal and interest shall be paid over a period of 40 years in accordance with the payment schedule set forth in payment of the accrued interest and second to the payment of the principal. Prepayments of any installment may be made in any amount at any time at the option of the Organization.

Section 3. (Assignment and Pledge of Revenue). The indebtedness hereby authorized to be incurred, together with the interest thereon, shall be payable from the gross income and revenue to be derived from the operation of the Facility, a sufficient portion of which, to pay the principal and interest as and when the same shall become due, is hereby assigned, and pledged and shall be set aside for that purpose and this assignment and pledge shall extend to and include any assessments that may be levied pursuant to Section 5 (d) hereof.

Section 4. (Protection and Disposition of Funds). The Town Clerk of the Organization shall be the custodian of all funds of the Organization. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.

The Town Clerk is hereby directed to establish the following accounts into which the current funds shall be continually maintained, except as otherwise provided, so long as the indebtedness hereby authorized remains unpaid:

(a) Construction Account.

The proceeds of the borrowing hereby authorized not disbursed contemporaneously with loan closing for incurred Facility

costs, and at least the amount of \$170,000 to be contributed by the Organization from the collection of initial connection fees, membership fees, or contributions shall be deposited in the Construction Account, which shall be established as required by the Government. Withdrawals from the construction account shall be made only on checks signed by the

Town Clerk of the Organization as authorized by the Board from time to time, and with prior concurrence of the Government. At the option of the Government, the construction account may be established as a "supervised bank account". Amounts in the supervised bank account exceeding \$100,000 shall be secured by the depository bank in advance in accordance with U.S. Treasury Department Circular No. 176. Withdrawals from a supervised bank account

shall be made only on checks signed by the Town Clerk of the Organization and countersigned by an authorized official of the Department of Agriculture. The Organization's share of any insurance or liquidated damages and other monies paid by defaulting contractors or their sureties will be deposited in the Construction Account to assure completion of the Facility. When all construction costs have been paid in full, any balance remaining in the Construction Account may be applied on the loan or used for other authorized purposes that have been approved by the Government and the Construction Account shall be closed.

(b) General Account

As soon as the facility becomes revenue producing, all funds received shall be set aside in an account to be designated as the General Account, and disbursements and transfers from this account shall be in the following priority: Debt Service, Operations and Maintenance, transfers to Reserve Account. Monies deposited in the General Account shall be used only in the manner and order as follows:

(1) Borrowers making monthly USDA Debt Service Payments shall use the General Account for making such payments plus operating and maintenance expenses. Also, funds will be transferred from this account to the Reserve Account in accordance with (d) below.

(2) Borrowers making other than monthly USDA Debt Service Payments shall use the General Account to pay operating and maintenance expenses. Other transfers from this account will be made in the following order: (i) Transfers to the Debt Service Account will be made in accordance with (c) below, (ii) Transfers to the Reserve Account will be made in accordance with (d) below.

(c) Debt Service Account

For borrowers on other than monthly debt service payments, transfers, in proportion to income availability, shall be made from the General Account and set aside in an account designated as the Debt Service Account, in sufficient amounts which will accumulate for the next installment on the note.

(d) Reserve Account

From the remaining funds in the General Account, after transfers and payments required in (b) (1) or (b) (2) and (c), there

shall be set aside into an account(s) designated as the Reserve Account(s) the sum of _____

each month until the sum of _____ is reached. With the prior written approval of the Government, funds may be withdrawn and used for such things as loan installments, emergency maintenance, extensions to facilities and replacement of short-lived assets, subject to conditions established by the Government.

(e) Whenever there shall accumulate in the General Account amounts in excess of those required in subsections (b)(1) and (2), (c), and (d), such excess will be used by the organization to make prepayments on the loan or retained in the General Account.

(f) The accounts required in subsections (b)(1) and (2), (c), and (d) may be established and maintained as bookkeeping accounts or as separate bank accounts at the election of the Organization, unless otherwise directed by the Government.

indebtedness hereby authorized remains unpaid;

Section 5. (Other Covenants and Agreements of the Organization). The Organization covenants and agrees that so long as the indebtedness hereby authorized remains unpaid;

(a) It will indemnify the Government for any payments made or losses suffered by the Government.

(b) It will comply with applicable State laws and regulations and continually operate and maintain the Facility in good condition.

(c) It will impose and collect such rates and charges that gross revenues will be sufficient at all times to provide for payment of the operation and maintenance thereof; the installment payments on the note; and the maintenance of the various funds herein created. All service rendered by or use of the Facility shall be subject to the full rates prescribed in the rules and regulations of the Organization; no free service by or use of the Facility will be permitted.

(d) It will cause to be levied and collected such assessments as may be necessary to operate and maintain the Facility in good condition and meet installment payments on the note when the same become due if, for any reason, gross revenues are insufficient.

(e) It will establish and maintain such books and records relating to the operation of the system and its financial affairs, and will provide for the annual audit thereof, in such manner as may be required by the Government; will provide the Government without its request a copy of each such audit; and will make and forward to the Government such additional information and reports as it may from time to time require.

(f) It will provide the Government, at all reasonable times, access to all books and records relating to the Facility and access to the property of the Facility so that the Government may ascertain that the Organization is complying with the provisions hereof and with the provisions of other instruments incident to the making or insuring of the loan.

(g) It will maintain at least such insurance and fidelity bond coverage as may be required by the Government.

(h) It will not borrow any money from any source or enter into any contract or agreement or incur any other liabilities in connection with making extensions or improvements to the Facility, exclusive of normal maintenance, without obtaining the prior written consent of the Government.

(i) It will not cause or permit any voluntary dissolution of its organization, or merge or consolidate with any other organization, without obtaining the prior written consent of the Government. It will not dispose of or transfer title to the facility or any part thereof, including lands and interest in lands, by sale, security instrument, lease or other encumbrance, without obtaining the prior written consent of the Government. Revenue in excess of the amount required to maintain the accounts described by Section 4 herein will not be distributed or transferred to any other organization or legal entity.

(j) It will not modify or amend the Articles of Incorporation or the Bylaws of the Organization without the written consent of the Government,

(k) It will provide adequate service to all persons within the service area who can feasibly and legally be served and will obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the organization or public body.

(l) All present and future contract rights, accounts receivable, and general intangibles arising in connection with the facility are pledged as security for the loan.

(m) It will comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing adverse environmental impacts of the facility's construction or operation.

Section 6. (Security Instruments). In order to secure the payment of the principal and interest of the note, the President and Secretary of the Organization are hereby authorized and directed to execute and deliver good and sufficient lien instruments, where necessary, encumbering the properties and assets both real and personal constituting said Facility, as completed or as the same may be thereafter extended, including an assignment and pledge of revenues and such other instruments as may be prescribed by the Government

Section 7. (Refinancing). If at any time it shall appear to the Government that the Organization is able to refinance the amount of the indebtedness then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources at reasonable rates and terms for loans for similar purposes and periods of time, the Organization will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take such actions as may be required in connection with such loan.

Section 8. ("Equal Employment Opportunity under Construction Contracts and Nondiscrimination"). The President and the Secretary be and they are hereby authorized and directed to execute for and on behalf of the Organization, Form RD 400-1, "Equal Opportunity Agreement", and Form RD 400-4, "Assurance Agreement".

Section 9. In the case of a grant in the sum not to exceed _____, the Organization hereby accepts the grant under the terms as offered by the Government and that the Mayor and Mayor Pro Temp of the Organization are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant and the Organization hereby resolves to operate the facility under the terms as offered in said grant agreement(s).

Section 10. Default under the provisions of this agreement or any instrument incident to the making or issuing of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Organization, and default under any such instrument may be construed by the Government to constitute default hereunder.

Section 11. (Resolution of Contract). The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instruments, shall constitute a contract between the Organization and the Government or assignee so long as the note hereby authorized remains unpaid.

Section 12. This resolution shall take effect and be in force from and after the _____ day of _____, being the date of its enactment.

The vote was: Yeas 5 Nays 0 Absent 1

(SEAL) (if applicable) _____
Attest: Diana Pauls
Title Deputy Clerk
By M. J. Hensleip
Title Mayor
Whitehall, Town Of

CERTIFICATION

I, the undersigned, as secretary of the Whitehall, Town Of hereby certify that the Town Council of such Organization or Corporation is composed of _____ members of whom _____, constituting a quorum, were present at a meeting thereof duly called and held on the _____ day of _____; that the foregoing resolution was adopted at such meeting by the vote shown above, and that said resolution has not been rescinded or amended in any way.

Dated, this _____ day of _____

Secretary of Whitehall, Town Of



JEFFERSON COUNTY
Recorded 3/7/2012 At 3:30 PM
BONNIE RAMEY, Clerk and Recorder
By _____ Deputy

MJR
COPY

TOWN OF WHITEHALL, MONTANA

RESOLUTION # 1-12

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF WHITEHALL , COUNTY OF JEFFERSON APPROVING EXTENSION OF THE BOUNDARIES OF THE TOWN BY LOT 1A OF THE AMENDED PLAT OF THE WEST ADDITION TO THE TOWN OF WHITEHALL.oip

Whereas, the Town Council of the Town of Whitehall believes that it is in the best interest of the town to extend its boundaries to include Lot 1A of the Amended Plat of the West Addition to the Town of Whitehall; and

Whereas, Section 7-2-4312, MCA, grants authority to local governments to extend its boundaries to include contiguous platted tracts or parcels of land for which a certificate of survey has been filed; and

Whereas, the property to be annexed is legally described as Lot 1A of the Amended Plat of the West Addition to the Town of Whitehall located in Government Lot 3 of Section 4, T1N, R4W, P.M.M., Jefferson County, with the plat on file and of record in the office of the County Clerk and Recorder at Folio 579-B-BR; and

Whereas, the Town Clerk published notice as provided in MCA 7-1-4127 on October 19th, 2011, October 26th, 2011 and November 2nd, 2011; and

Whereas a public hearing on the proposed annexation was held in the Council Chambers of the Town Hall in Whitehall, Jefferson County, on November 7th, 2011.

NOW THEREFORE, BE IT RESOLVED by the Town Council of the Town of Whitehall, Montana, that:

1. That the boundaries of the Town of Whitehall be extended to include Lot 1A of the Amended Plat of the West Addition to the Town of Whitehall located in Government Lot 3 of Section 4, T1N, R4W, P.M.M., Jefferson County, Montana, as shown on Exhibit "A" attached hereto and by reference made a part hereof.

APPROVED by the Whitehall Town Council this 13th day of February, 2012.

AYES: 05 NAYES 0 ABSENT 01

SIGNED: *M. J. Hensleigh*
Mayor Mary Janacaro Hensleigh

ATTEST: *Diana Parks*
Diana Parks, Deputy Town Clerk

EXHIBIT ____

FORTIER ANNEXATION TO THE TOWN OF WHITEHALL
LOT 1A OF THE AMENDED PLAT OF THE WEST ADDITION TO THE TOWN OF WHITEHALL, MONTANA (FOLIO 579-B-BR)
LOCATED IN GOVERNMENT LOT 3 OF SECTION 4, T1N, R4W, P.M.M.,
JEFFERSON COUNTY, MONTANA

SKYLINE DRIVE



243799 Fee \$0.00 Page 2 of 4
JEFFERSON COUNTY
Recorded 3/7/2012 At 3:30 PM
BONNIE RAMEY, Clerk and Recorder

S82°57'00"E 85.00'

LOT 2A

N07°03'00"E 130.00'

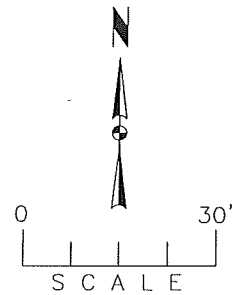
LOT 1A
0.254 ACRES

S07°03'00"W 130.00'

POINT OF BEGINNING

7A

ANNEXATION
BOUNDARY



BEARING BASIS: AMENDED PLAT
OF THE WEST ADDITION TO
WHITEHALL (FOLIO 579-B-BR)

N82°57'00"W 85.00'

9

10

20' WIDE ALLEY

8

NOTE:

THIS IS NOT A SURVEY. THE PROPERTY BOUNDARY INFORMATION SHOWN IS FROM THE AMENDED PLAT.

THOMAS, DEAN & HOSKINS, INC. ENGINEERING CONSULTANTS	
DRAWN BY:	SA
QUALITY CHECK:	SA
DATE:	06/29/11 FB: ...
JOB NO.	B11-044
CAD NO.	11044X1.dwg L2


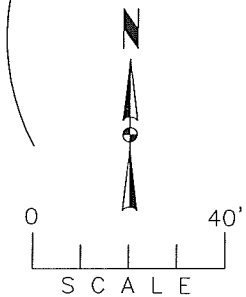
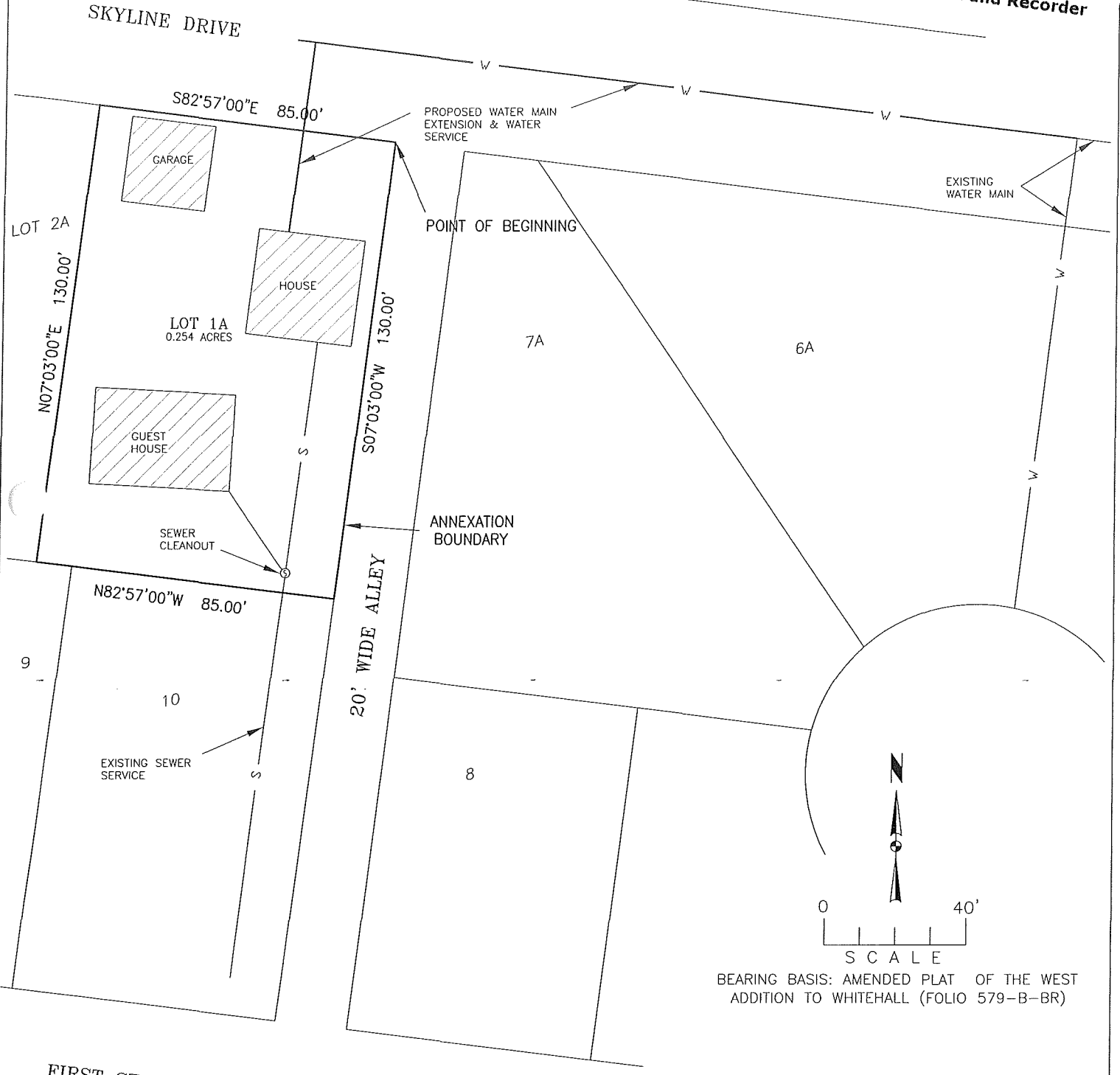


EXHIBIT ___
 FORTIER ANNEXATION TO THE TOWN OF WHITEHALL
 LOT 1A OF THE AMENDED PLAT OF THE WEST ADDITION TO THE TOWN OF WHITEHALL, MONTANA (FOLIO 579-B-BR)
 LOCATED IN GOVERNMENT LOT 3 OF SECTION 4, T1N, R4W, P.M.M.,
 JEFFERSON COUNTY, MONTANA

243799 Fee \$0.00 Page 3 of 4
 JEFFERSON COUNTY
 Recorded 3/7/2012 At 3:30 PM
 BONNIE RAMEY, Clerk and Recorder



BEARING BASIS: AMENDED PLAT OF THE WEST
 ADDITION TO WHITEHALL (FOLIO 579-B-BR)

FIRST STREET

NOTE:
 THIS IS NOT A SURVEY. THE IMPROVEMENTS SHOWN ARE APPROXIMATE
 FROM VARIOUS SOURCES. THE PROPERTY BOUNDARY INFORMATION SHOWN
 IS FROM THE AMENDED PLAT.

THOMAS, DEAN & HOSKINS, INC. ENGINEERING CONSULTANTS	
DRAWN BY:	SA
QUALITY CHECK:	SA
DATE: 06/29/11	FB: ...
JOB NO.	B11-044
CAD NO.	11044X1.dwg L1



FORTIER ANNEXATION TO THE TOWN OF WHITEHALL

LEGAL DESCRIPTION:

A tract of land, said tract being Lot 1A of the Amended Plat of the West Addition to the Town of Whitehall, Montana (Folio 579-B-BR), said tract being located in Government Lot 3 of Section 4, Township 1 North, Range 4 West, Principal Meridian Montana, Jefferson County, Montana and being further described as follows:

Beginning at southwesterly intersection of Skyline Drive and the 20 foot wide alley shown on said plat; thence South 07°03'00" West, on the westerly line of said alley, a distance of 130.00 feet; thence North 82°57'00" West, on the southerly line of said Lot 1A, a distance of 85.00 feet; thence North 07°03'00" East, on the westerly line of Lot 1A, a distance of 130.00 feet; thence South 82°57'00" East, on the southerly line of said Skyline Drive, a distance of 85.00 feet to the Point of Beginning.

The described tract has a computed area of 11050 square feet or 0.254 acres. The described tract is along with and subject to any existing easements.



243799 Fee \$0.00 Page 4 of 4
JEFFERSON COUNTY
Recorded 3/7/2012 At 3:30 PM
BONNIE RAMEY, Clerk and Recorder

TOWN OF WHITEHALL, MONTANA

RESOLUTION # 1-12

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF WHITEHALL, COUNTY OF JEFFERSON APPROVING EXTENSION OF THE BOUNDARIES OF THE TOWN BY LOT 1A OF THE AMENDED PLAT OF THE WEST ADDITION TO THE TOWN OF WHITEHALL.oip

Whereas, the Town Council of the Town of Whitehall believes that it is in the best interest of the town to extend its boundaries to include Lot 1A of the Amended Plat of the West Addition to the Town of Whitehall; and

Whereas, Section 7-2-4312, MCA, grants authority to local governments to extend its boundaries to include contiguous platted tracts or parcels of land for which a certificate of survey has been filed; and

Whereas, the property to be annexed is legally described as Lot 1A of the Amended Plat of the West Addition to the Town of Whitehall located in Government Lot 3 of Section 4, T1N, R4W, P.M.M., Jefferson County, with the plat on file and of record in the office of the County Clerk and Recorder at Folio 579-B-BR; and

Whereas, the Town Clerk published notice as provided in MCA 7-1-4127 on October 19th, 2011, October 26th, 2011 and November 2nd, 2011; and

Whereas a public hearing on the proposed annexation was held in the Council Chambers of the Town Hall in Whitehall, Jefferson County, on November 7th, 2011.

NOW THEREFORE, BE IT RESOLVED by the Town Council of the Town of Whitehall, Montana, that:

1. That the boundaries of the Town of Whitehall be extended to include Lot 1A of the Amended Plat of the West Addition to the Town of Whitehall located in Government Lot 3 of Section 4, T1N, R4W, P.M.M., Jefferson County, Montana, as shown on Exhibit "A" attached hereto and by reference made a part hereof.

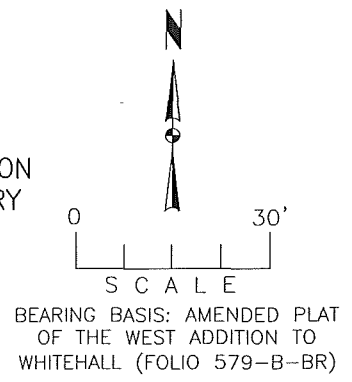
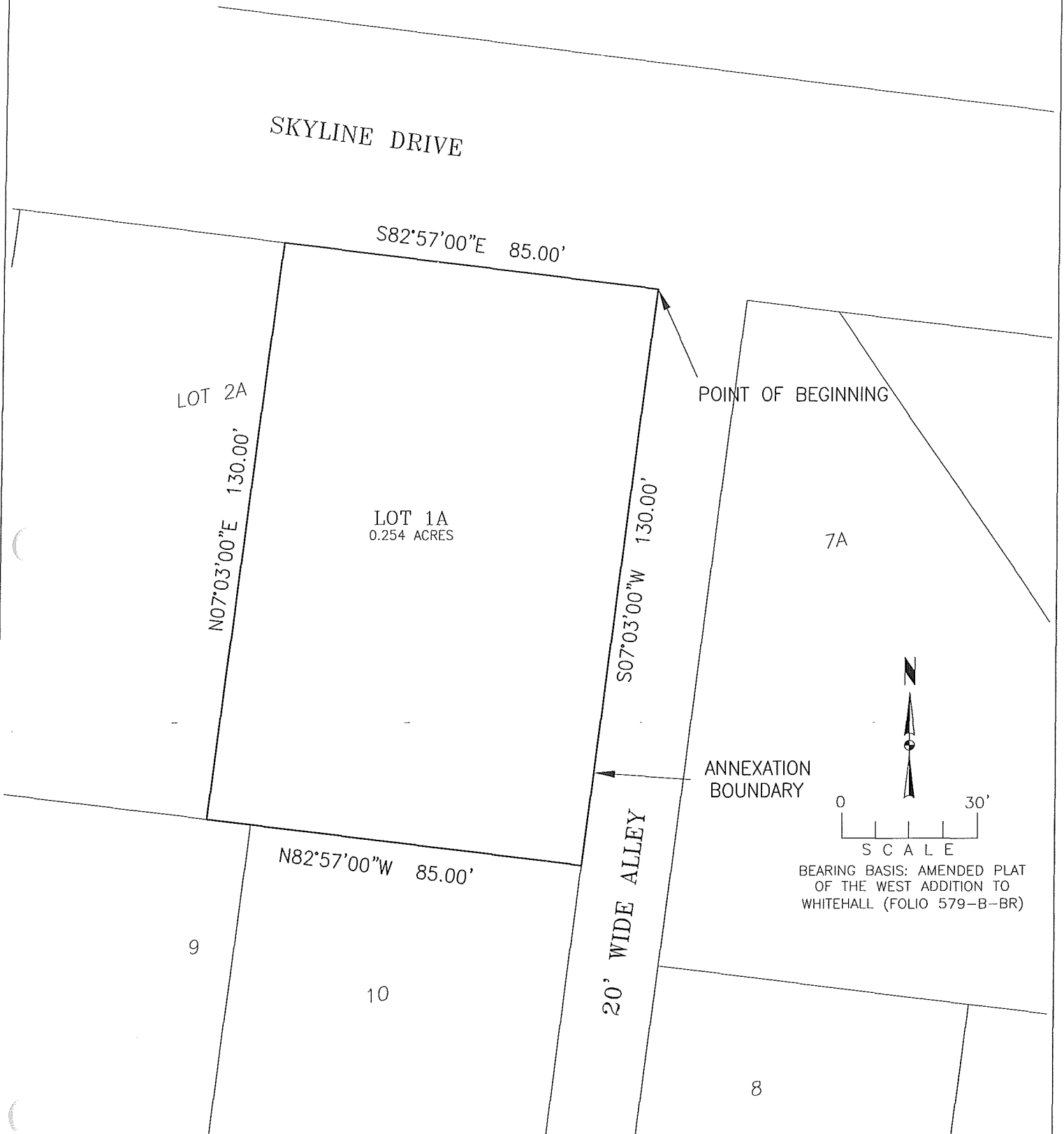
APPROVED by the Whitehall Town Council this 13th day of February, 2012.

AYES: 05 NAYES: 0 ABSENT: 01

SIGNED: M. J. Hensleigh
Mayor Mary Janacaro Hensleigh

ATTEST: Diana Parks
Diana Parks, Deputy Town Clerk

EXHIBIT ___
 FORTIER ANNEXATION TO THE TOWN OF WHITEHALL
 LOT 1A OF THE AMENDED PLAT OF THE WEST ADDITION TO THE TOWN OF WHITEHALL, MONTANA (FOLIO 579-B-BR)
 LOCATED IN GOVERNMENT LOT 3 OF SECTION 4, T1N, R4W, P.M.M.,
 JEFFERSON COUNTY, MONTANA

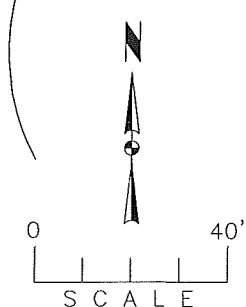
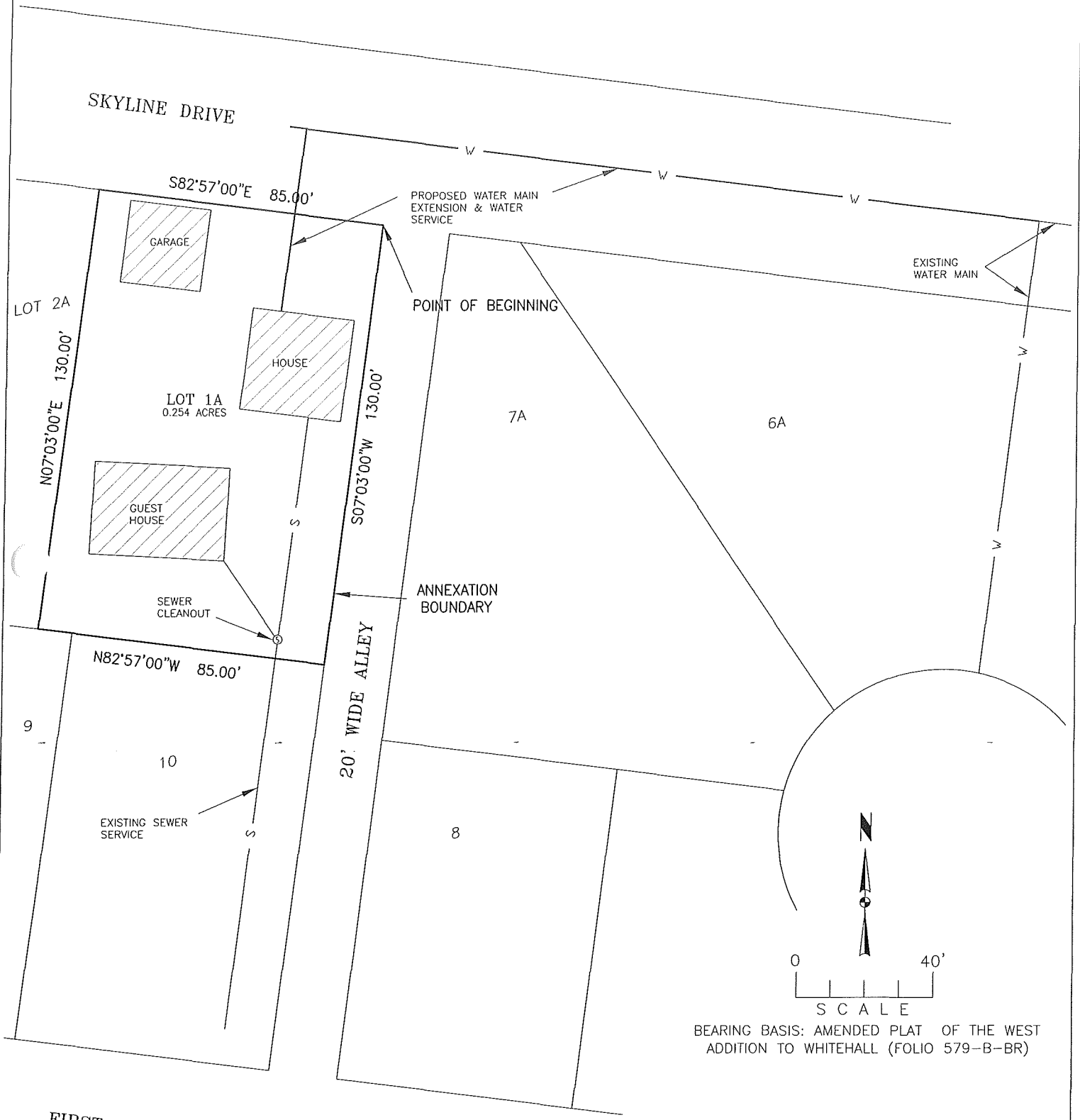


NOTE:
 THIS IS NOT A SURVEY. THE PROPERTY BOUNDARY INFORMATION SHOWN IS FROM THE AMENDED PLAT.

THOMAS, DEAN & HOSKINS, INC. ENGINEERING CONSULTANTS	
DRAWN BY:	SA
QUALITY CHECK:	SA
DATE: 06/29/11	FB: ...
JOB NO.	B11-044
CAD NO.	11044X1.dwg L2



EXHIBIT ___
 FORTIER ANNEXATION TO THE TOWN OF WHITEHALL
 LOT 1A OF THE AMENDED PLAT OF THE WEST ADDITION TO THE TOWN OF WHITEHALL, MONTANA (FOLIO 579-B-BR)
 LOCATED IN GOVERNMENT LOT 3 OF SECTION 4, T1N, R4W, P.M.M.,
 JEFFERSON COUNTY, MONTANA



BEARING BASIS: AMENDED PLAT OF THE WEST ADDITION TO WHITEHALL (FOLIO 579-B-BR)

NOTE:

THIS IS NOT A SURVEY. THE IMPROVEMENTS SHOWN ARE APPROXIMATE FROM VARIOUS SOURCES. THE PROPERTY BOUNDARY INFORMATION SHOWN IS FROM THE AMENDED PLAT.

THOMAS, DEAN & HOSKINS, INC. ENGINEERING CONSULTANTS	
DRAWN BY:	SA
QUALITY CHECK:	SA
DATE: 06/29/11	FB: ...
JOB NO.	B11-044
CAD NO.	11044X1.dwg L1



FORTIER ANNEXATION TO THE TOWN OF WHITEHALL

LEGAL DESCRIPTION:

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Beginning at southwesterly intersection of Skyline Drive and the 20 foot wide alley shown on said plat; thence South $07^{\circ}03'00''$ West, on the westerly line of said alley, a distance of 130.00 feet; thence North $82^{\circ}57'00''$ West, on the southerly line of said Lot 1A, a distance of 85.00 feet; thence North $07^{\circ}03'00''$ East, on the westerly line of Lot 1A, a distance of 130.00 feet; thence South $82^{\circ}57'00''$ East, on the southerly line of said Skyline Drive, a distance of 85.00 feet to the Point of Beginning.

The described tract has a computed area of 11050 square feet or 0.254 acres. The described tract is along with and subject to any existing easements.