

BUDGETARY AUTHORITY RESOLUTION

RESOLUTION NO. 294

WHEREAS, on December 20, 1991, the Town of Fromberg received Montana Community Development Block Grant funds in the amount of \$375,000.00, for which no provision was made in fiscal 1991 Town of Fromberg budget, and

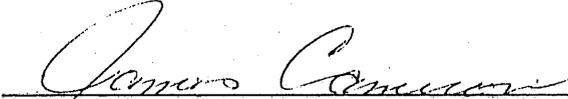
WHEREAS, towns may appropriate federal or state money received during the fiscal year by formal resolution,

NOW THEREFORE, BE IT RESOLVED that the Town Council hereby appropriates the sum of \$375,000.00 and directs the Town Clerk to allocate said amount to the following programs and objects:

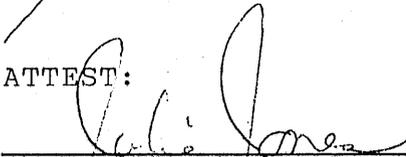
<u>EXPENDITURE CODE</u>	<u>ADMINISTRATIVE COSTS</u>	<u>ACTIVITY COSTS</u>
470		
210 110	\$ 1,200.00	
210 210	400.00	
210 310	500.00	
210 341	200.00	
220 330	2,100.00	
210 352	900.00	
210 354	1,000.00	
210 353	1,000.00	
210 370	300.00	
210 351	52,000.00	
270 361		\$295,000.00
280 350		11,000.00
270 360		1,300.00
800 930		8,000.00
	<hr/>	<hr/>
Totals:	\$59,600.00	\$315,400.00
	=====	=====

BE IT FURTHER RESOLVED that the above appropriation shall become effective on February 3, 1992.

THE TOWN OF FROMBERG:



 James Cameron, Mayor

ATTEST:


 Julie Jones, Town Clerk

BUDGETARY AUTHORITY RESOLUTION

RESOLUTION NO. 293

WHEREAS, on December 6, 1991, the Town of Fromberg, received Montana Community Development Block Grant funds in the amount of \$300,000.00, for which no provision was made in fiscal 1991 Town of Fromberg budget, and

WHEREAS, towns may appropriate federal or state money received during the fiscal year by formal resolution,

NOW THEREFORE, BE IT RESOLVED that the Town Council of Fromberg hereby appropriate the sum of \$300,000.00 and directs the Town Clerk to allocate said amount to the following programs and objects:

<u>EXPENDITURE CODE</u>	<u>ADMINISTRATIVE COSTS</u>	<u>ACTIVITY COSTS</u>
470310		
100	\$ 1,000.00	
210	100.00	
310	750.00	
341	100.00	
351	19,000.00	
352	750.00	
353	2,000.00	
354	1,000.00	
370	300.00	
470330		
940		50,000.00
960		225,000.00
TOTALS:	\$ 25,000.00 =====	\$ 275,000.00 =====

BE IT FURTHER RESOLVED that the above appropriation shall become effective on January 6, 1992.

TOWN OF FROMBERG, MONTANA

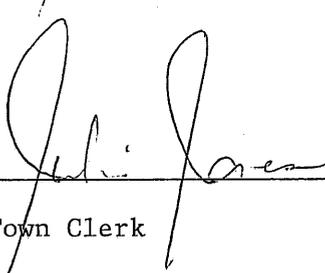
By James Cameron
James Cameron, Mayor

Attest Julie Jones
Julie Jones, Clerk

RESOLUTION NO. 291

BE IT RESOLVED that the Town of Fromberg agrees to sign the Quick Claim Deed in which legally terminates and vacates the unplatted street running through lots #10 and #11 in the Dudely First Addition, just south of the School, in which has been informally used by the Town of Fromberg.

Passed this 17th day of October 1991.



Town Clerk



Acting Mayor

HATCH ACT RESOLUTION

RESOLUTION NO. 290

WHEREAS, the federal "Hatch Act" (5 USC Sec. 1501 et seq.) restricts the political activity of local government employees employed in connection with programs financed in whole or in part by federal loans or grants; and

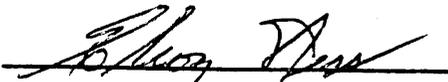
WHEREAS, the Hatch Act attempts to deter the political influence of public employees connected with federally funded programs; and

WHEREAS, the Town of Fromberg receives federal loans or grants from the federal government to support various programs; and

WHEREAS, local governments which receive loans and grants from the federal government are required to inform all employees of the provisions of the Hatch Act and to adopt a policy of compliance with its regulations;

THEREFORE, BE IT RESOLVED, that the Town Clerk of the Town of Fromberg is hereby appointed to serve as "Hatch Act Information Officer" and that as such he/she will inform each of the Town's officials and employees of the provisions of the Hatch Act through the use of an employee manual, written memoranda or other written means of notification, maintain on file a copy of the brochure entitled Political Activity and the State and Local Employee, and monitor compliance with the provisions of the Hatch Act.

Signed



Name

Elroy Ness

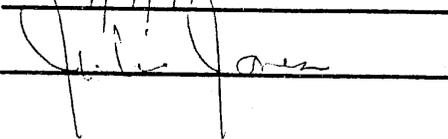
Title

Mayor, Town of Fromberg

Date

9/9/91

Attested



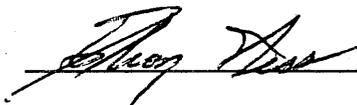
RESOLUTION NO. 289

WHEREAS, the Town of Fromberg is applying to the Montana Department of Commerce for a Community Development Block Grant to renovate substandard housing with direct benefit to low and moderate income persons, and conduct activities for blight removal and community revitalization;

That the Town of Fromberg agrees to conform with the regulations, statutes, terms and conditions described in the CDBG Certifications for Application, and

That **Elroy Ness, Mayor** is authorized to submit this application to the Montana Department of Commerce, on behalf of the Town of Fromberg, to act on behalf of the Town of Fromberg, and to provide such additional information as may be required.

Signed: _____



Name: _____

Elroy Ness

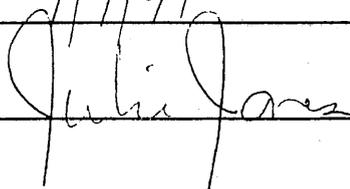
Title: _____

Mayor

Date: _____

9/9/91

Attested: _____



RESOLUTION NO. 288

WHEREAS, the Town of Fromberg is applying to the Montana Department of Commerce for a Community Development Block Grant for Housing and Neighborhood Revitalization;

That the Town of Fromberg agrees to participate in said project with use of Town equipment and employee time.

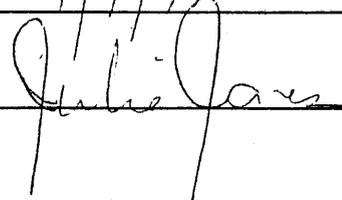
That contribution will include, but not be limited to, assisting with the demolition of severely substandard structures within the Town.

Signed: 

Name: Elroy Ness

Title: Mayor

Date: 9/9/94

Attested: 

TOWN OF FROMBERG

Heart of the Clarks Fork Valley
CARBON COUNTY
Fromberg, Montana 59029

Office of _____

RESOLUTION NO. 287

BE IT RESOLVED: that a town meeting of the Town Council of the Town of Fromberg, Montana held on the 5th day of August 1991, the tax levy for the Town of Fromberg for the fiscal year 1991-1992 was made by resolution of the Town Council and approved by the Town Mayor as follows;

General (all purpose)	80 mills
Liability Insurance	4 mills
Health Insurance	3 mills

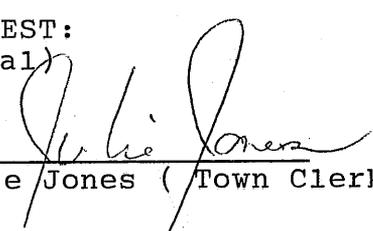
Making a total of 87 mills.

SAID TOWN OF FROMBERG HAS CAUSED ITS CORPORATE NAME TO BE SUBSCRIBED HERETO AND ITS CORPORATE SEAL AFFIXED BY ITS MAYOR AND CLERK THIS SIXTH DAY OF AUGUST, 1991.

Town of Fromberg


Elroy Mess (Mayor)

ATTEST:
(seal)


Julie Jones (Town Clerk)

RESOLUTION NO. 286

WHEREAS the Town of Fromberg is applying to the Montana Department of Commerce for a Community Development Block Grant to finance a working capital loan for Gateway Software Corporation.

WHEREAS the Town of Fromberg agrees to conform with the regulations, statutes, term and conditions described in the CDBG Statement of Assurances; and

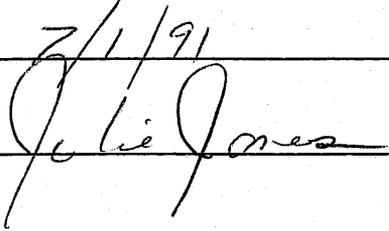
THAT Elroy Ness, Mayor of the Town of Fromberg is authorized to submit this application to the Montana Department of Commerce, on behalf of the Town of Fromberg, to act on behalf of the Town of Fromberg and to provide such additional information as may be required.

Signed: 

Name: Elroy Ness

Title: Mayor, Town of Fromberg

Date: 7/1/91

Attested: 

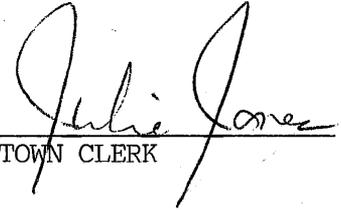
RESOLUTION NO 285

WHEREAS, The Town of Fromberg does not have a large enough number of people running for the city offices. We will adopt a resolution to not have a primary in the Town of Fromberg for the year 1991. Under the election law 13-14-115 (3).

DULY, passed and adopted by the Town Council of the Town of Fromberg, Montana on the 1st day of July, 1991.

TOWN OF FROMBERG


MAYOR


TOWN CLERK

Member William H. H. H. introduced the following resolution and moved its adoption:

RESOLUTION NUMBER 284

A RESOLUTION DIRECTING THE CONSTRUCTION, IMPROVEMENT, EXTENSION AND REHABILITATION OF THE SEWER SYSTEM OF THE TOWN OF FROMBERG, AUTHORIZING AND DIRECTING THE ISSUANCE AND SALE OF A REVENUE BOND TO FINANCE AND PAY FOR THE COSTS OF THE FOREGOING, AND CREATING SPECIAL FUNDS AND ACCOUNTS AND PLEDGING CERTAIN REVENUES AS THE SOLE SOURCES OF SECURITY AND PAYMENT FOR SUCH BOND.

Be It Resolved By The Town Council (the Council) of Fromberg, Montana (the Town), as follows:

Section 1. Authorization, Recitals, and Findings.

Section 1.01. Authorization. Under the provisions of Title 7, Chapter 7, Part 44, Montana Code Annotated, as amended (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 construction, reconstruction, improvement, betterment and extension of a sewer system for the Town (the System) provided that the bonds and the interest thereon are to be payable solely out of the net income and services facility and commodities furnished by the undertaking, and are not to create any obligation for the payment of which taxes may not be levied except to pay for services provided by the undertaking to the Town.

Section 1.02. Improvements to the System. The Town with the assistance of Engineering, Inc., of Billings, Montana (the Consulting Engineers) has determined the necessity of establishing a new lagoon for the System (the Improvements). The estimated costs of the Improvements, including engineering and financing costs, consists of the following items:

Administration (Double Tree)	\$ 4,804
Construction	277,422
Engineering Fees	56,900
Legal Fees	
Gary Spaeth	888
Bond Counsel	2,800
Construction Interest	<u>2,200</u>
Total:	\$345,014

1.02. Financing. The United States of America, Farmers Home Administration (the FmHA) has agreed, subject to certain terms and conditions, to loan the Town up to \$219,800 to finance the Town's share of the cost of installing a lagoon for the System (the Loan). The terms and conditions of the Loan, as set forth in a Letter of Conditions, dated December 12, 1988, are reasonable and advantageous to the Town and are hereby accepted. Due to favorable construction bids, the amount of the Loan has been reduced to \$64,500.

The Loan will be evidenced by the issuance of the \$64,500 Sewer System Revenue Bond, Series 1991 (the Series 1991 Bond) to be authorized herein. Additional costs of the Improvements will be paid from the proceeds of a Community Development Block Grant, an Environmental Protection Agency Grant and other available money of the Town.

1.03. Benefit, Rates and Charges. The Town has enacted a resolution prescribing rates and charges to be paid by the users of the system. The rates and charges to be imposed and collected for the availability and use of the System will, upon the reasonable estimates and projections of the Consulting Engineer, be sufficient to pay all expenses of operation and maintenance, to provide for depreciation and repairs, to pay installments of principal and interest on the Series 1991 Bond when due and to maintain the required reserves as set forth herein.

Section 2. Terms, Form and Execution and Delivery of the Bonds.

2.01. General Title. There is hereby authorized an issue of bonds entitled "Town of Fromberg, Montana Sewer System Revenue Bonds," (the Bonds) with appropriate references for subordinate bonds. The term Bonds shall mean all Bonds or Notes issued pursuant to this Resolution, including the Series 1991 Bond and any Additional Bonds. Parity Bonds shall mean the Series 1991 Bond and all Additional Parity Bonds.

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 Sections 3 and 6 hereof and except as may be limited by law.

The Bonds may be issued in series as from time to time authorized by the Town 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 are special limited obligations of the Town. Principal of, premium, if any, and interest on the Bonds are payable solely from the Net Revenues of the Sewer System Fund or other sources which may be pledged to the payment of any series of Bonds (other than to the extent payable out of proceeds of the Bonds). The Bonds shall not pledge 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 of Montana 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 on other than 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 the Stated Maturity for such payment or such Redemption Date or Sinking Fund Payment Date (whether or not such next succeeding business day occurs in a succeeding month).

Except as otherwise provided or required by the context hereof, the provisions of this Resolution shall be equally applicable and binding upon any Notes issued hereunder.

2.03. Terms of Particular Series. Each series of Bonds (except the Series 1991 Bond, which are created by Section 4 hereof) shall be created by a Supplemental Resolution. The Bonds of each series (other than the Series 1991 Bond, as to which specific provision is made in this instrument) 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 such shall be provided for in the Supplemental Resolution creating that series. 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;

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;

D. Bonds of the series being not registrable as to principal or interest; or

E. registration, transfer and delivery;

all upon such terms as the Town may determine; provided, however, that the principal of any Bond shall be payable subject to mandatory sinking fund redemption on June 1, and the interest on any bond shall be payable on June 1 and December 1.

2.04. Form and Denominations of Particular Series. The form of the Bonds of each series (other than the Series 1991 Bond, as to which specific provisions are made in Section 4.03 hereof) 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 Town Council may determine.

The Bonds of any series shall be issued as fully registered Bonds, unless the Supplemental Resolution creating such series provides for the issuance of the Bonds not registrable as to principal or interest.

The Bonds of each series shall be issuable in such denominations as shall be provided in the provisions of the Supplemental Resolution creating such series (other than the Series 1991 Bond, as to which specific provisions

are made in this instrument). 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 signatures of the Mayor and Town Clerk-Treasurer (or other officers of the Town authorized by proceedings of the Council), and shall have the official seal of the Town affixed, imprinted or reproduced thereon; provided, that if required by applicable laws, one such signature on each Bond shall be a manual signature. In the event any Bonds bear the manual or facsimile signature of an officer who ceases before delivery of the Bonds to be such officer, the signature shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, 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.

Section 3. Issuance of the Series 1991 Bond.

The Town has previously adopted a Loan Resolution dated November 7, 1988 and a Letter of Intent To Meet Conditions pursuant to which the Town has agreed to issue its Series 1991 Bond, in the principal amount of the Loan. The amount of the Loan as agreed to be the Town and the FmHA is to be \$64,500. Based on the findings made in Section 1, it is hereby determined that the Town is authorized, and this Council hereby finds it in the best interest of the Town and to be necessary and expedient for the Town to issue \$64,500 in aggregate principal amount of Series 1991 Bond, payable from the Net Revenues of the System as hereinafter described, in accordance with the provisions of this Resolution and the Letter of Condition as evidence of the Loan in the principal amount of \$64,500. .

Section 4. The Series 1991 Bonds.

4.01. Date, Maturity and Interest of Series 1991. The Series 1991 Bond to be issued and sold pursuant to this resolution shall be designated a Sewer System Revenue Bond, Series 1991, shall be in the principal amount of \$64,500, or such lesser amount as may determined in accordance with the terms and conditions of the Loan, shall be one in number, shall be dated as of the date of delivery to and payment therefor by the FmHA, and shall bear interest at the rate of five percent (5.00%) per annum. Principal of and interest on the Series 1991 Bond shall be payable in equal amortized monthly installments of \$312.00, commencing February 28, 1991, the final installment being due and payable not later than forty (40) years from the date of the Series 1991 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 1991 Bond, at its address as it appears on the Bond register, in lawful money of the United States of America.

4.02. Registration. The Series 1991 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, Farmers Home Administration. While so registered, principal of and interest on the Series 1991 Bond shall be payable at the National Finance Office, Farmers Home Administration, 1520 Market Street, St. Louis, Missouri 63103, or such other place as may be designated by the FmHA in writing and delivered to the Town Clerk-Treasurer. The Town Clerk-Treasurer and her successors in office shall act as Bond registrar 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, and the date of registration.

4.03. Redemption. The Town shall have the right, on any installment payment date to redeem installments of principal, 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; provided, that so long as the Series 1991 Bond is registered in the name of the United States of America, the Town may redeem all or any portion of the principal at any time without penalty or premium. Not less than 30 days before the date specified for prepayment, notice thereof shall be mailed by the Town Clerk-Treasurer to the

registered holder of the Series 1991 Bond at the address last appearing on the Bond Register.

4.04. Assignment. The Series 1991 Bond shall be transferable by the registered owner or its 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. The Town Clerk-Treasurer shall note the transfer on the reverse of the Series 1991 Bond and in the Bond Register. Upon request of the registered owner or transferee and upon surrender of the Series 1991 Bond, the Town shall execute and deliver one or more other bonds of an aggregate principal amount equal to the principal amount of the Series 1988 Bond then remaining unpaid and maturing at the same time or times as the then unpaid principal installments thereof, and the Series 1991 Bond shall be promptly cancelled by the Town Clerk-Treasurer. No service charge shall be made for such 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.

4.03. Form of the Series 1991 Bond. The Series 1991 Bond shall be prepared in substantially the following form, with such appropriate variations, omissions, and insertions as are permitted or required by this Resolution:

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF CARBON

TOWN OF FROMBERG

SEWER SYSTEM REVENUE BOND
SERIES 1991

No. R-1

January 28, 1991

\$64,500

The Town of Fromberg, Montana, a municipal corporation existing under the laws of the State of Montana, for value received, hereby promises to pay to the Farmers Home Administration, or registered assign, but solely out of the Revenue Bond Account (the Account) of its Sewer System Fund (the Fund), the principal sum of SIXTY-FOUR THOUSAND AND FIVE HUNDRED DOLLARS (\$64,500), in installments as set forth below, and to pay interest thereon, from the Account, at the rate of five percent (5.00%) per annum. Principal and interest are payable in equal monthly installments in the amount of \$312.00 commencing on February 28, 1991, and payable each month, thereafter until the principal and interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable forty years from the date hereof, subject to the right of prepayment set forth below. The installments of principal and interest are payable at the National Finance Office of the FmHA, in St. Louis, Missouri, or such other place as the FmHA shall designate in writing, except that in the event that the FmHA 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 issued for the purpose of installing a lagoon (the Improvements) to the sewer system of the Town (the System) pursuant to and in full conformity with the Constitution and laws of the State of Montana and resolutions of the Town thereunto enabling, including Montana Code Annotated, Title 7, Chapter 7, Part 44, as amended, and authorizing resolution duly adopted by the Town Council on January 28, 1991, (together, 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. This Bond, including the interest hereon, is payable solely from the revenues pledged to the payment hereof and does not constitute a debt of the Town within the meaning of any constitutional or statutory limitation or provision.

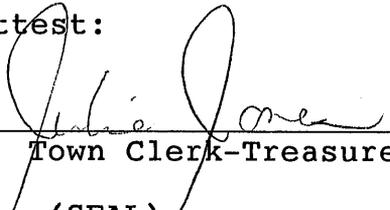
The Town may redeem on any installment payment date, in whole or part and if in part, in multiples of \$1,000, any unpaid principal at a price equal to the principal amount to be redeemed plus interest accrued to the date of redemption; provided that while this Bond is registered in the name of the United States of America, the Town may redeem any unpaid principal on any date. 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 Bond at his address as it appears on the Bond Register.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Town has duly authorized and will forthwith construct and complete the Improvements, has fixed and established and will collect reasonable rates, fees, tolls, rents and charges for the services and facilities afforded by the System, subject to applicable law and rules and regulations of the Public Service Commission of the State of Montana and has created a special Sewer System Fund into which the gross revenues of the System, including all additions thereto and replacements and improvements thereof subsequently constructed or acquired, will be paid, and a separate and special Revenue Bond Account within the Fund, into which Bond Account there shall be credited periodically, and at least once in each calendar month, out of the Net Revenues of the System then on hand (the gross revenues remaining after payment of operating expenses of the System and the establishment of an operating reserve), amounts sufficient to meet all payments of principal of and interest on bonds payable from the Bond Account as they become due, and into which Bond Account there shall also be credited monthly out of the remaining Net Revenues a minimum of \$32.00 per month and such additional amounts as may be necessary to accumulate therein over a period of 117 months, a reserve equal to \$3,744.00, which reserve shall thereafter be maintained by the transfer of additional Net Revenues whenever necessary; that the Bond Account will be used only to pay the principal of and interest on bonds issued pursuant to the terms of the Resolution, as such principal

and interest respectively become due; that such rates, fees, tolls, rents and charges will from time to time be made and kept sufficient, subject to applicable law and regulation of the Public Service Commission of the State of Montana, to provide gross income and revenues adequate for prompt payment of the reasonable and current expenses of operation and maintenance of the System and to produce in each fiscal year Net Revenues, in excess of such current expenses, sufficient to pay the principal of and interest and redemption premiums, if any, on the Outstanding Bond, on this Bond and on any additional bonds hereafter issued and made payable from said Net Revenues, including adequate reserves therefor, and sufficient also to provide for the replacement and depreciation of the System; that the payments required to be made to the Bond Account from the Net Revenues of the System and all future additions and betterments thereof constitute a first lien and charge thereon; that, except as expressly authorized in the Resolution, no other obligation will be incurred and made payable from the Net Revenues of the System, whether or not such obligation shall also constitute a general obligation or indebtedness of the Town, unless the lien thereof shall be expressly made subordinate to the lien of this Bond on such Net Revenues; that all provisions for the security of the owner 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 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 the issuance of this Bond does not cause the indebtedness, whether general or special, of the Town to exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF the Town of Fromberg, Carbon 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 January 28, 1991.

Attest:



Town Clerk-Treasurer
(SEAL)



Mayor

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 Fromberg, 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>Signature of Town Clerk-Treasurer</u>
<u>January , 1991</u>	<u>Farmers Home Administration</u> <u>National Finance Office</u> <u>1520 Market Street</u> <u>St. Louis, Missouri</u> <u>63103</u>	_____

PROVISIONS FOR REGISTRATION OF TRANSFER AND EXCHANGE

The ownership of this 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 Bond and to exercise all the rights and powers of an owner until this Bond is presented to the Clerk-Treasurer of the Town of Fromberg, 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.

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

The Bond registrar has transferred on the books of the Town of Fromberg, Carbon 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:

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

(b) Transfer. Upon surrender for transfer of any 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 Bonds of the same series of a like aggregate principal amount and maturity as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month immediately preceding each interest payment date and until such interest payment date if the Bond to be transferred is to be redeemed on such interest payment date.

(c) Exchange. Whenever any Bond is surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Bonds of the same series of a like aggregate principal amount, interest rate 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 the 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 be paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Bonds (except upon a partial redemption of a 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 the same series, of like 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 filing with the Registrar of evidence satisfactory to it that such Bond was lost, stolen or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or 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 prior to payment.

5.02. Registrar for the Series 1991 Bonds. The Town hereby appoints the Town Clerk-Treasurer, as the Registrar for the Series 1991 Bond. The Town reserves the right to appoint a successor Registrar which may be a financial institution.

Section 6. Sewer System Fund.

6.01. Bond Proceeds and Revenues Pledged and Appropriated. A fund designated as the Sewer System Fund (the Fund) is established and shall be maintained as a separate and special bookkeeping account on the official books of the Town until all Bonds (which term shall

include all parity lien bonds issued pursuant to Section 4 hereof) and interest and redemption premiums due thereon have been fully paid, or the Bonds have been defeased as provided in this Resolution. All proceeds of Bonds issued hereunder and all other funds hereafter received or appropriated for purposes of the System are appropriated to the Fund. All gross revenues derived from the operation of the System are irrevocably pledged and appropriated and shall be credited to the Fund as received. Such gross revenues include all gross income and receipts from rates, fees, tolls, charges and rentals imposed from connections with and for the availability, benefit and use of the System as now constituted and of all replacements and improvements thereof and additions thereto, and from penalties and interest thereon, and from any sales of property acquired for the System and all income received from the investment of such gross revenues. The Fund shall be subdivided into separate accounts as designated and described in Sections 6.02 to 6.08, to segregate income and expenses received, paid and accrued for the respective purposes described in those sections. The gross revenues received in the Fund shall be apportioned monthly, commencing no later than February 1, 1991, which apportionment is hereinafter referred to as the "monthly apportionment."

6.02. Construction Account.

(A) The Construction Account shall be used only to pay as incurred and allowed or reimburse the payment of items of expense which under generally accepted accounting principles are capital costs of the Project, and of such future improvements, replacements or additions to the System as may be authorized in accordance with law; including but not limited to payments due for work and materials certified to have been performed and delivered under construction contracts, architectural, engineering, inspection, supervision, fiscal and legal expenses, the cost of lands and easements, reimbursement of any advances made from other Town funds, and all other costs incurred in connection with construction and financing of the Project and any such additional improvements, replacements or additions. To the Construction Account shall be credited as received all proceeds of the Bonds, all proceeds of additional Bonds issued under Sections 6.03 and 6.04 to finance improvements, and all other funds appropriated by the Town for the Project and future improvements, replacements or additions to the System, and all income received from the investment of the Construction Account. The proceeds of the Series 1991

Bond shall be applied to the payment or reimbursement for payment of costs incurred in connection with the construction and financing of the Improvements including the payment of principal of and interest on any indebtedness of the Town the proceeds of which were applied to pay costs of the Improvements.

6.03. Operating Account. On the date of and from each monthly apportionment there shall first be set aside and credited to the Operating Account, as a first charge on the gross revenues of the System, such amount as may be required over and above the balance then held in that account to pay the Operating Expenses (as hereinafter defined), which are then due and payable, or are to be paid prior to the next monthly apportionment. The term "Operating Expenses" shall mean the current expenses, paid or accrued, of operation, maintenance and current repair of the System and its facilities, as calculated in accordance with generally accepted accounting principles, and shall include, without limitation, administrative expenses of the Town, premiums for insurance on the properties comprising the System, labor and the cost of materials and supplies used for current operation and for maintenance, and charges for the accumulation of appropriate reserves for current expenses which are not recurrent monthly but may reasonably be expected to be incurred in accordance with generally accepted accounting principles. Such expenses shall not include any allowance for depreciation or renewals or replacements of capital assets of the System. Moneys in the Operating Account shall be used solely for the payment of Operating Expenses. The Net Revenues of the System, as referred to in this Resolution, are hereby defined to include the entire amount of such gross revenues remaining upon each monthly apportionment, after crediting to the Operating Account the amount required hereby.

6.04. Revenue Bond Account. Upon each monthly apportionment, which apportionment shall commence no later than February 1, 1991, there shall be credited to the Revenue Bond Account, out of the Net Revenues and with respect to the Bond, an amount equal to the principal of and interest on the Series 1991 Bond payable on the next succeeding installment payment date and such other amounts as are necessary to pay the principal of and the interest on any Additional Parity Bonds payable on the next succeeding installment payment date. Moneys from time to time held in the Revenue Bond Account shall be disbursed only to meet payments of principal of and interest on the Parity Bonds payable therefrom as such payments become

due. If any payment of such principal or interest becomes due when moneys in the Revenue Bond Account are temporarily insufficient therefor, such payment shall be made from the Reserve Account or advanced out of any Net Revenues theretofore segregated and then on hand in the Replacement and Depreciation Account or the Surplus Account.

6.05. Reserve Account. Commencing with the first monthly apportionment as provided in Section 3.01, and in addition to and from the Net Revenues remaining after each monthly credit to the Revenue Bond Account required by Section 6.04, the Town shall credit, upon each monthly apportionment, to the Reserve Account, as and for a reserve for the payment of principal of and interest on Parity Bonds payable from the Revenue Bond Account, amounts sufficient to accumulate a balance in the Reserve Account within ten years from the date hereof a reserve requirement equal to \$3,744.00 (the Reserve Requirement), and thereafter shall maintain such balance in the Reserve Account by such additional monthly credits as may be necessary therefor; provided that the Town may accumulate this amount by monthly apportionment so long as the minimum amount deposited in the Reserve Account each month is \$32.00. Moneys on deposit in the Reserve Account shall be used only to pay maturing principal of and interest when moneys within the Revenue Bond Account are insufficient therefor; provided that on any date when all outstanding bonds payable therefrom are due or prepayable in accordance with their terms, if the amounts then on deposit in the Revenue Bond Account and the Reserve Account are sufficient, with other moneys available for the purpose, to pay all such bonds and the interest accrued thereon in full, such moneys may be used for that purpose; and provided further that so long as the amount on deposit in the Reserve Account is not less than the Reserve Requirement, the Town may credit earnings on investment of moneys in the Reserve Account to the Replacement and Depreciation Account.

6.06. Replacement and Depreciation Account. There shall next be credited, upon each monthly apportionment, to the Replacement and Depreciation Account out of the Net Revenues, in excess of the current requirements of the Revenue Bond Account and the Reserve Account (which excess Net Revenues are referred to herein as "Surplus Net Revenues"), as the Town shall determine to be required for the accumulation of a reasonable allowance for depreciation of the System and for repair, replacement or renewal of worn out, obsolete and damaged properties

and equipment thereof. Moneys in this Account shall be used only for the purposes above stated or, if so directed by the Town, to redeem Bonds which are prepayable according to their terms, to pay principal or interest when due thereon as required in Section 6.04, or to pay the cost of improvements or additions to the System; provided that in the event that the Town shall hereafter issue obligations for the purpose of financing the construction and installation of additional improvements or additions to the System, but which obligations cannot, upon the terms and conditions provided in Section 7, be made payable from the Revenue Bond Account, Surplus Net Revenues from time to time received may be segregated and paid into one or more separate and additional accounts for the payment of such obligations and interest thereon, in advance of payments required to be made into the Replacement and Depreciation Account.

6.07. Surplus Account. Any amount of the Surplus Net Revenues in excess of the current requirements of the Replacement and Depreciation Account, shall, upon each monthly apportionment, be credited to the Surplus Account and the moneys from time to time in the Surplus Account, when not required to restore a current deficiency in the Revenue Bond Account as provided in Section 6.04, may be used for any of the following purposes and not otherwise:

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

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

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

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

6.08. Deposit and Investment of Funds. The Town Clerk-Treasurer shall cause all moneys appropriated to the Fund to be deposited as received with one or more financial institutions designated by the Town pursuant to the provisions of Montana Code Annotated, Section 7-6-201,

the financial institutions being duly qualified in accordance with the provisions of Montana Code Annotated, Section 7-6-201, in a deposit account or accounts which shall be maintained separate and apart from all other bank accounts of the Town, and the balance in such accounts, except such portion thereof as shall be insured by federal deposit insurance, shall at all times be secured to its full amount by bonds or securities of the types set forth in Montana Code Annotated, Sections 7-6-207 and 17-6-103. Any of such moneys not necessary for immediate use may be deposited with such depository banks in savings or time deposits. No moneys shall at any time be withdrawn from such accounts except for the purpose of the Fund as defined and authorized in this Resolution except that moneys from time to time on hand in the Fund may at any time, in the discretion of the Town, be invested in securities which are direct, general obligations of the United States of America maturing and bearing 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 Replacement and Depreciation 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 other cash on hand, is less than the minimum amount required, in the case of the Reserve Account, the balance therein shall be restored to that amount from any Surplus Net Revenues then on hand in the Surplus Account or the Replacement and Depreciation Account or from the next Surplus Net Revenues thereafter received. Except as provided in Section 5.05, income received from the deposit or investment of moneys in said accounts shall be credited to the account from whose moneys the deposit was made or the investment was purchased, and handled and accounted for in the same manner as other moneys in that account.

Section 7. Priorities and Additional Bonds.

7.01. Priority of Bond Payments. The Bonds shall be equally and ratably secured by and payable out of the Net Revenues without preference or priority of any one Bond over any other by reason of date of issue, maturity date, serial number 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 moneys 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 in order of their maturities, the earliest maturing Bonds to be paid first, and pro rata in payment of Bonds maturing on the same date.

7.02. Refunding Revenue Bonds. The Town reserves the right and privilege of refunding any or all of the Bonds herein authorized and referred to, but only subject to the following terms and conditions:

(a) Any matured Bonds may be refunded if moneys available for the payment thereof at maturity, within the limitation prescribed in Section 7.01, should at any time be insufficient to make such payment in full.

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

(c) Provision may be made for the payment and refunding of any unmatured Bonds by the deposit with a duly qualified depository bank, as escrow agent, of a sufficient amount of cash, or of bonds or other general obligations of the United States of America, to pay the principal amount of such outstanding Bonds with interest to the earliest subsequent date, if any, upon which the same may be called for redemption and prepayment, and with interest to the maturity of any such Bonds which are not subsequently prepayable.

(d) Any refunding revenue bond issued for the above purposes may be made payable from the Net Revenues on a parity as to interest with the then outstanding Bonds, provided that (1) the maturity of each refunding revenue bond shall be subsequent to the maturity of the then outstanding revenue Bonds which are not refunded or to be refunded out of moneys on deposit with such escrow agent, and (2) no bondholder shall be required to accept a refunding revenue bond in exchange for any Bond owned by him.

7.03. Additional Parity Bonds To Complete Improvements. Additional Bonds may be issued, payable from the Revenue Bond Account of the Fund on a parity as to both principal and interest with the Series 1991 Bond, and upon such further terms and conditions as to maturities, interest rates and redemption provisions as the Town shall by resolution provide, in such amount, if any, as the Town shall determine to be necessary, to pay the cost of completing the Project, and to the extent permitted by and in accordance with the Act.

7.04. Other Parity Bonds. The Town reserves the right to issue Additional Bonds, over and above the amount, if any, issued pursuant to Section 7.03, payable from the Revenue Bond Account of the Fund, on a parity as to both principal and interest with the Bond, if the Net Revenues of the System for the last complete fiscal year preceding the issuance of such Additional Bonds has equaled at least 125% of the average annual principal and interest payable from said Revenue Bond Account in any subsequent calendar year during the term of the outstanding Bonds, on all Bonds then outstanding and on the Additional Bonds proposed to be issued. For the purpose of the foregoing computation, the Net Revenues for the fiscal year preceding the issuance of Additional Bonds shall be the Net Revenues shown by the official books and records of the Town, except that if the rates and charges for services provided by the System have been changed since the beginning of such preceding fiscal year, then the rates and charges in effect at the time of issuance of the Additional Bonds shall be applied to the quantities of service actually rendered and made available during such preceding fiscal year to ascertain the gross revenues, from which there shall be deducted to determine the Net Revenues the actual operation and maintenance cost for the last complete fiscal year shown by the official books and records of the Town plus any additional annual costs of operation and maintenance which the engineer for the Town estimates will be incurred because of the improvement, addition or replacement to the System to be constructed from the proceeds of the Additional Bonds proposed to be issued. At or before the issuance of Additional Parity Bonds the Town shall: (i) deposit into the Reserve Account the amount, if any, necessary to cause the balance in the Reserve Account to equal the Reserve Requirement, calculated assuming the issuance of such Additional Bonds, or (ii) furnish a certificate of the Town's engineer or financial consultant that the Net Revenues of the System are sufficient to accumulate the Reserve Requirement, calculated assuming the issuance of such Additional Bonds within three years. In no event shall any Additional Bonds be issued and made payable from the Revenue Bond Account under this Section 7.04 if there then exists any deficiency in the balances required by this Resolution to be maintained in any of the accounts of the Fund which will not be restored upon the issuance of the additional Bonds. Notwithstanding the provisions of Section 7 hereof requiring consent of the holders of all outstanding Bonds, the provisions of this Section 7.04 may, with respect to the issuance of Additional Bonds, be waived or amended with the written consent of the holders of not less than

three-quarters in principal amount of the outstanding Bonds. Provided, however, that so long as the Series 1991 Bonds are outstanding, no bonds may be issued under this section without the approval of the Holder thereof.

7.05. Subordinate Lien Bonds. Notwithstanding the above provisions of this Section 7, nothing contained in this Resolution or in the Bonds shall be construed to preclude the Town from issuing additional bonds when necessary for the enlargement, improvement or extension of the System; provided such additional bonds are expressly made a charge on and are payable only from the Surplus Net Revenues as defined in Section 6.06 of this Resolution, and are subordinate to the Bonds payable from the Revenue Bond Account; provided, however, no bonds may be issued pursuant to this Section 7.05 if a deficiency exists in the Revenue Bond Account which is not to be restored by the issuance of the additional Bonds. Provided, however, that so long as the Series 1991 Bonds are outstanding, no bonds may be issued under this section without the approval of the Holder thereof.

Section 8. Covenants.

8.01. General. The Town covenants and agrees with the purchasers and the holders from time to time of all Bonds that the recitals contained in Section 1 hereof are correct; and that until all such Bonds are fully paid or the Town's liability with reference thereto is fully discharged as provided in this Resolution, it will hold, maintain and operate the System as a public utility and 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 the Fund and the several accounts therein as provided in Section 3 hereof, and will issue no additional bonds or other obligation constituting a lien or charge on the income or revenues of the System except upon the conditions and in the manner prescribed in Section 6 hereof, and will perform and cause all other officers and employees of the Town to perform and enforce each and all of the additional covenants and agreements set forth in this Section 7.

8.02. Competing Service. The Town will not establish or authorize the establishment of any other system for the public supply of service or services supplied by 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 Montana, in such amounts as are ordinarily carried, and against loss or damage by fire, explosion, and such other hazards and risks as are ordinarily insured against, by public utilities owning and operating properties of a similar character and size; provided that if at any time the Town is unable to obtain such 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 and reconstruction of damaged or destroyed property, and until paid out in making good such loss or damage, are pledged as security for the outstanding Bonds issued hereunder. 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 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 then on hand in the Replacement and Depreciation Account and 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, ~~\$1,750,000~~ 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 Revenue Bond Account and Replacement and Depreciation Account and the FmHA shall be named co-obligee. 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 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 Revenue Bond Account.

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 Bonds then outstanding shall be discharged as provided in Section 8; or

(b) 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 all proceeds of the mortgage, lease, sale or other disposition of such properties are deposited into the 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 monthly gross revenues derived from its operation, and the segregation and application of the gross revenues in accordance with this Resolution, in such reasonable detail as may be determined by the Town in accordance with generally accepted accounting practices and principles. It will cause such books to be audited annually by the Department of Commerce, Local Government Affairs Department or its successor or, if such Office is unable or unwilling to perform such an audit or if the Town elects, by a private auditor. In the case of an audit by a private auditor, the audit will be completed within 120 days after the close of each fiscal year or with the 4th Quarterly Report during construction by an independent certified public accountant, who shall be an accountant or firm of such accountants duly licensed, registered and entitled to practice and practicing as such under the laws of the State of Montana, appointed and paid by the Town, who is in fact independent and not under the domination of the Town, does not have any substantial interest, direct or indirect, with the Town, and is not connected with the Town as an officer or employee but may be regularly retained to make annual or other periodic reports to the Town. The report of each such annual audit, whether by the State or a private auditor, will be mailed to the FmHA and will be made available for inspection by the holder of any of the Bonds issued hereunder. In addition to whatever matters may be thought proper by the Town or State Examiner or private auditor to be included in the annual report, the report of the State Examiner shall include items (a) and (b) following (the

Town certifying as to items (c) through (f)), and the report of the private auditor shall include items (a) through (f) following:

(a) a statement in detail of the income and expenditures of the System for the fiscal year or the quarter, identifying capital expenditures and separating them from operating expenditures;

(b) a balance sheet as of the end of the fiscal year or the quarter;

(c) the number of premises connected to the System at the end of the fiscal year or the quarter;

(d) the amount on hand in each account of the Fund at the end of the fiscal year or the quarter;

(e) 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

(f) a determination that the audit or report shows full compliance by the Town with the provisions of this Resolution during the year covered thereby, including proper segregation of the capital expenditures from operating expenses, maintenance of the required balance of the Revenue Bond Account, and receipt of Net Revenues during each fiscal year commencing after June 30, 1990, at least equal to the principal and interest payable from the Revenue Bond Account in such year plus the amount required to be deposited in the Revenue Bond Account in such year to establish and maintain the reserve therein and the amount determined to be needed for the Replacement and Depreciation Account; or, if the audit or 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 of audit or report shall include a full explanation thereof, together with the accountant's recommendation for such change in rates or accounting practices or in the operation of the System as may be required.

8.07. Cost of Insurance and Accounting. The insurance and fidelity bond premiums and the cost of the

Town certifying as to items (c) through (f)), and the report of the private auditor shall include items (a) through (f) following:

(a) a statement in detail of the income and expenditures of the System for the fiscal year or the quarter, identifying capital expenditures and separating them from operating expenditures;

(b) a balance sheet as of the end of the fiscal year or the quarter;

(c) the number of premises connected to the System at the end of the fiscal year or the quarter;

(d) the amount on hand in each account of the Fund at the end of the fiscal year or the quarter;

(e) 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

(f) a determination that the audit or report shows full compliance by the Town with the provisions of this Resolution during the year covered thereby, including proper segregation of the capital expenditures from operating expenses, maintenance of the required balance of the Revenue Bond Account, and receipt of Net Revenues during each fiscal year commencing after June 30, 1990, at least equal to the principal and interest payable from the Revenue Bond Account in such year plus the amount required to be deposited in the Revenue Bond Account in such year to establish and maintain the reserve therein and the amount determined to be needed for the Replacement and Depreciation Account; or, if the audit or 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 of audit or report shall include a full explanation thereof, together with the accountant's recommendation for such change in rates or accounting practices or in the operation of the System as may be required.

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 billing and collection of the water rates, charges and rentals shall be payable from the Operating Account.

8.08. Rates and Charges. The Town will establish, maintain, revise, charge and collect rates, fees, tolls, rents and other charges for all service furnished and made available by the System, subject to regulation by the Public Service Commission of the State of Montana in the manner and to the extent hereafter provided by law, according to schedules such that the gross revenues derived therefrom will be sufficient to pay when due all expenses of the operation and maintenance of the System, and all principal of and interest on the Series 1991 Bond and all additional Bonds, to provide for the establishment and maintenance of adequate reserves therefor, and to provide an allowance adequate for repairs, replacements and depreciation of the System.

8.09. Billing. The charges for water services will be billed 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 services to the premises involved shall be discontinued and shall not be resumed until payment of all past-due bills for water services and compliance with all such rules and regulations.

8.10. Remedies. The holders of 25 percent or more in aggregate principal amount of Bonds herein authorized which are at any time outstanding shall have the right, either at law or in equity, by suit, action or other proceedings to protect and enforce the rights of all holders of such Bonds 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 gross revenues and the application and use thereof. The holders of a majority in principal amount of outstanding Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the bondholders 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 Bond when due. Nothing herein shall

impair, however, the absolute and unconditional right of the holder of each Bond to receive payment of the principal of, premium, if any, and interest on such Bond as such principal, premium and interest respectively become due, and to institute suit for any such payment.

Section 9. Amendments.

9.01. Amendments Without Consent. The Town reserves the right to amend this Resolution 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 interest of the holders of the Bonds, 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 thereafter appropriated to the Fund, for the purpose of surrendering any right or power herein reserved to or conferred upon the Town or for the purpose of authorizing the issuance of additional Bonds in the manner and subject to the terms and conditions prescribed in Section 6. Any such amendment may be adopted by resolution, without the consent of or notice to the holders of any of the Bonds.

9.02. Amendments With Consent. With the consent of the holders of the Bonds as provided in Section 9.03, the Town may from time to time and at any time amend this Resolution by adding any provisions hereto or changing in any manner or eliminating any of the provisions hereof, or of any amending resolution, except that no amendment shall be adopted at any time without the consent of the holders of all Bonds which are then outstanding, if it would extend the maturities thereof, would reduce the rate or extend the time of payment of interest thereon, would reduce the amount or extend the time of payment of the principal or redemption premium thereof, would give to any Bond or Bonds any privileges over any other Bond or Bonds, would reduce the sources of revenues appropriated to the Fund, would authorize the creation of a pledge of revenues prior to or on a parity with the Bonds (except as is authorized by Section 6), or would reduce the percentage in principal amount of such Bonds required to authorize or consent to any such amendment.

9.03. Notice and Consent. Any amendment adopted pursuant to Section 9.02 shall be made by resolution, mailed to all holders of the Bonds adversely affected thereby, 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 Bonds adversely affected by such amendment. Any written consent to an amendment may be embodied in and evidenced by one or any number of concurrent written instruments of substantially similar tenor signed by bondholders 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 of the Bonds shall bind him and every future holder of the same Bond with respect to any amendment adopted by the Town pursuant to such consent; provided that any such holder may revoke his consent with reference to any Bond by written notice received by the Town Clerk-Treasurer before the amendment has become effective. In the event that unrevoked consents of the holders of the required amount of Bonds have not been received by the Town Clerk-Treasurer within one year after the mailing of any amendment, the amendment and all consents theretofore received shall be of no further force and effect.

9.04. Proof. 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 Bonds, 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 provided by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgements of deeds, certifying that the person signing it acknowledged to him the execution thereof. The amount of any registered Bonds held by a person by or for whom a consent is given, and the distinguishing number of such Bonds, and the date of holding the same, shall be proved by the registration books of the Town.

Section 10. Defeasance.

10.01. General. When the liability of the Town on all Bonds issued under and secured by this Resolution 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.

10.02. Payment. The Town may discharge its liability with reference to any Bond or installment of interest thereon which is due on any date by mailing to the registered holder of such Bond on or before that date a check or draft in a sum sufficient and providing proceeds available for the payment thereof in full; or if any Bond or installment of interest thereon shall not be paid when due, the Town may nevertheless discharge its liability with reference thereto by mailing to the registered holder thereof or check or draft in a sum sufficient and providing proceeds available for the payment thereof in full with interest accrued to the date of such mailing.

10.03. Escrow. The Town may also at any time discharge its liability in its entirety with reference to any series of Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by calling all prepayable Bonds of such series for redemption on the next date when they may be prepaid in accordance with their terms, by giving the notice required for such redemption, and by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or securities which are 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 to become due on all Bonds of the issue on or before maturity or, if any Bond has been duly called for redemption, on or before the designated redemption date.

Section 11. Investment of Moneys.

11.01. Arbitrage Certification. The Mayor and the Town Clerk-Treasurer, being the officers of the Town charged with the responsibility for issuing the Series 1991 Bond, are authorized and directed to execute and deliver to the Purchaser a certification in accordance with the provisions of Section 148 of the Internal Revenue Code of 1986, as amended (the Code) and Treasury Regulations, Sections 1.103-13, -14, and -15, stating the facts, estimates and circumstances in existence on the date of issue and delivery of the Series 1991 Bond which make it reasonable to expect that the proceeds of the Series 1991 Bond will not be used in a manner that would cause the Series 1991 Bond to be arbitrage Bonds within the meaning of Section 148 of the Code and applicable Treasury Regulations. The certification shall further state that to the best of the knowledge and belief of the

certifying officers no other facts, estimates or circumstances exist which would materially change this expectation.

11.02. Covenant. The Town covenants and agrees with the holders from time to time of the Series 1991 Bond that it will not take or permit to be taken by any of its officers, employees or agents any action that would cause the interest on the Series 1991 Bond to become subject to taxation under the provisions of the Code and the Treasury Regulations applicable thereunder, and covenants and agrees that it will take or cause its officers, employees or agents to take any action within its or their powers to prevent the interest on the Series 1991 Bond from becoming includable in gross income for purposes of federal income taxation under the Code and applicable Treasury Regulations.

11.03. Arbitrage Rebate.

(a) The Town hereby represents that it 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 1991 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 Series 1991 Project.

(2) Substantially all (not less than 95%) of the proceeds of the Series 1991 Bond 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 1991 is not reasonably expected to exceed \$5,000,000. To date in 1991, the Town has not issued any such tax-exempt bonds, and in the calendar years 1987 through 1990 the Town did not issue any tax-exempt bonds.

(b) If notwithstanding the provisions of paragraph (a) of this Section 11.03, the arbitrage rebate provisions of Section 148(f) of the Code apply to the Series 1991 Bond, 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).

Section 12. Certification, Repeals and Effective Date.

12.01. Certification. The officers of the Town are authorized and directed to prepare and furnish to the FmHA and to the attorneys rendering an opinion as to the legality of the Bond, certified copies of all ordinances, resolutions and records and such other certificates, affidavits and other instruments as may be required to evidence the validity or marketability of the Bond and all such certified copies, certificates and affidavits shall constitute representations of the Town as to the truth of all statements contained therein.

12.02. Repeal. All provisions of ordinances, resolutions and other actions and proceedings of the Town and 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.

12.03. Effective Date. This Resolution shall be in full force and effect from and after its passage.

Blaney Hesse
Mayor

Attest: Julie Jones
Town Clerk-Treasurer

The motion for the adoption of the foregoing resolution was duly seconded by Myrtle Skorupa and upon vote being taken thereon, the following voted in favor thereof: Bill Montin, Loren Fartz, Myrtle Skorupa

and the following voted against the same:

None

whereupon said resolution was declared duly passed and adopted and was signed by the Mayor and attested by the Town Clerk-Treasurer.

6634A

Member Jean Carlson moved the adoption of the following resolution:

RESOLUTION NO. 306

A RESOLUTION AUTHORIZING THE ADOPTION AND EXECUTION OF THE REVISED AND RESTATED LIABILITY PROGRAM AGREEMENT ENTERED INTO BETWEEN THE MONTANA MUNICIPAL INSURANCE AUTHORITY AND THE [CITY/TOWN] OF Franklin DATED JULY 1, 1993; AND AUTHORIZING THAT THE ADOPTION AND EXECUTION OF ANY AMENDMENT THERETO MAY BE MADE BY MOTION.

Be it resolved by the Governing Body of Franklin (the Participant) as follows:

Section 1. Authorization and Recitals.

1.01 The [City/Town] of Franklin is a Participant in the Liability Risk Retention Program of the Montana Municipal Insurance Authority.

1.02 The Participant has previously adopted and executed the Liability Insurance Coverage Program Agreement dated as of August 15, 1986 between the Montana Municipal Insurance Authority and the Participant.

1.03 The Participant has also previously adopted and executed the First Amendment to Liability Insurance Coverage Program Agreement dated as of March 1, 1993 between the Montana Municipal Insurance Authority and the Participant.

1.04 The Participant is authorized by Section 2-9-211, Montana Code Annotated, and Title 7, Chapter 11, Part 1, Montana Code Annotated (the Interlocal Cooperation Act) to enter into agreements for the purpose of obtaining liability insurance in cooperation with other local governmental entities; and is thereby authorized to enter into such agreements as may be necessary to effect the purposes of those statutes.

Section 2. Findings.

It is hereby found, determined, and declared that:

(a) The Liability Risk Retention Program of the Montana Municipal Insurance Authority provides an immediate and long-term solution to the Participant's inability to obtain primary or excess general liability insurance at reasonable rates;

(b) it is in the best interest of the Participant to continue its participation in the Liability Risk Retention Program and to this end the terms and conditions set forth in the First Amended and Restated Liability Program Agreement dated July 1, 1993 are necessary, desirable and proper to achieve the goals of the Liability Risk Retention Program, and the representations, covenants and recitals made therein by the Participant are true, valid and correct.

Section 3 Authorization and Approval of the Amended and Restated Liability Program Agreement dated July 1, 1993.

The Participant is hereby authorized to continue its participation in the Liability Risk Retention Program and to execute the First Amended and Restated Liability Program Agreement dated July 1, 1993.

Section 4 Authorization to Approve Future Amendments to the Program Agreement by Motion.

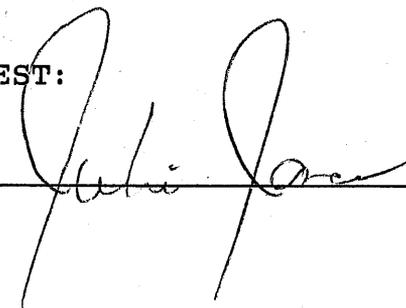
The Participant is hereby authorized to approve the adoption of any amendments to and execution of any amendments to the First Amended and Restated Liability Program Agreement dated July 1, 1993 or any successor Program Agreement thereto by motion duly made, seconded and approved.

Section 5. Effective Date.

This resolution shall become effective immediately upon its passage and approval.

Passed and approved by the Governing Body of the [City\Town] of Franklin, Montana. This 12th day of July, 1993.

ATTEST:



IN WITNESS WHEREOF, THE Authority has caused this Agreement to be executed in its name by its duly authorized officers; and the Participants have caused this Agreement to be executed in their names by their duly authorized officers, as of the date first above written.

MONTANA MUNICIPAL INSURANCE AUTHORITY,
as Authority

By _____
Chairman

ATTEST:

General Manager/Secretary

CITY OF _____
By James Amico
Its MAYOR

ATTEST:

Juli Jones
City Clerk

RESOLUTION 305

WHEREAS, on June 23, 1993, the Town of Fromberg, received from the Department of State Lands a tree grant in the amount of \$2700.00, for which no provision was made in the fiscal 1992 Town of Fromberg Budget, and

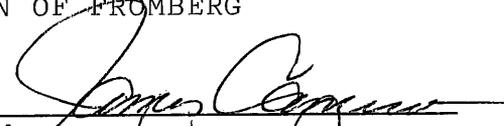
WHEREAS, towns may appropriate federal or state money received during the fiscal year by formal resolution,

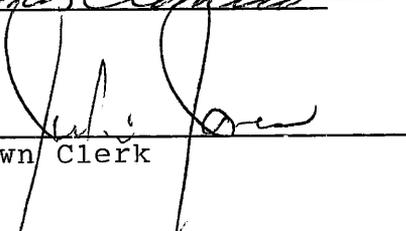
NOW THEREFORE, BE IT RESOLVED that the Town Council of Fromberg hereby appropriate the sum of \$2700.00 and directs the Town Clerk to allocate said amount to the following program:

General 100 Parks and Playground Improvements 460439

BE IT FURTHER RESOLVED That the above appropriation shall become effective on June 23, 1993.

TOWN OF FROMBERG

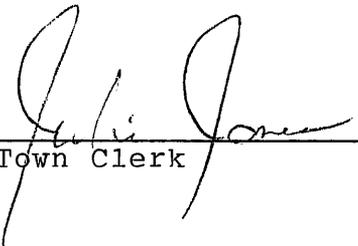
BY 
Mayor

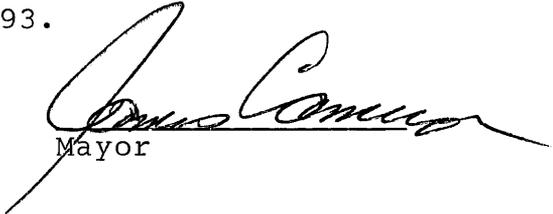
Attest: 
Town Clerk

RESOLUTION 304

Now be it resolved that the Town Clerk has permission
to transfer funds within the various budget accounts for the
fiscal year ending June 30, 1993 to account that are short within
the budget.

Passed this 12th day of July, 1993.


Town Clerk


Mayor

TOWN OF FROMBERG

Heart of the Clarks Fork Valley
CARBON COUNTY
Fromberg, Montana 59029

Office of Clerk

Resolution No. 283

A RESOLUTION FIXING THE SALARIES OF CERTAIN EMPLOYEES OF THE TOWN OF FROMBERG AND AMENDING ORDINANCE NO. 214.

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF FROMBERG.

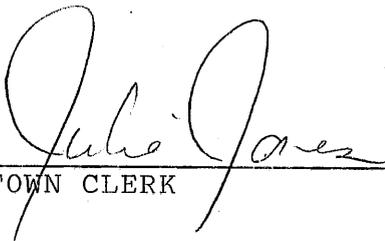
Section 1. That Ordinance No. 214 shall be, and hereby is amended such that the following named employees of the Town of Fromberg shall receive monthly and/or hourly compensation according to the following schedule effective January 1, 1990:

Water Commissioner 1248.00 per month

Town Clerk 615.00 per month

PASSED AND APPROVED on first reading this 8th day of January, 1990.

PASSED AND APPROVED on second reading this 5th day of February 1990.


TOWN CLERK


MAYOR

ORDINANCE NO. 219

AN ORDINANCE FIXING THE SALARIES OF CERTAIN EMPLOYEES OF THE TOWN OF FROMBERG AND AMENDING ORDINANCE NO. 214.

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF FROMBERG.

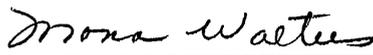
Section 1. That Ordinance No. 214 shall be, and hereby is amended such that the following named employees of the Town of Fromberg shall receive monthly and/or hourly compensation according to the following schedule effective January 1, 1990:

Water Commissioner	\$1248.00 per month
Town Clerk	615.00 per month

PASSED AND APPROVED on first reading this 8th day of January, 1990
PASSED AND APPROVED on second reading this 5th day of February,
1990.



Mayor



Town Clerk

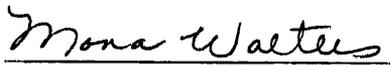
RESOLUTION NO. 281

Now be it resolved that the Town Clerk has permission to transfer funds within the various budget accounts for the fiscal year ending June 30, 1990 to accounts that are short within the budget.

Passed this 5th day of March, 1990.



Mayor



Town Clerk

TOWN OF FROMBERG

Heart of the Clarks Fork Valley
CARBON COUNTY
Fromberg, Montana 59029

Office of _____

RESOLUTION NO. 282

BE IT RESOLVED: that a town meeting of the Town Council of the Town of Fromberg, Montana held on the 6 of August 1990, the tax levy for the Town of Fromberg for the fiscal year 1990-1991 was made by resolution of the Town Council and approved by the town mayor as follows;

General (all purpose)	76 mills
Liability Insurance	7 mills
Health Insurance	1 mill

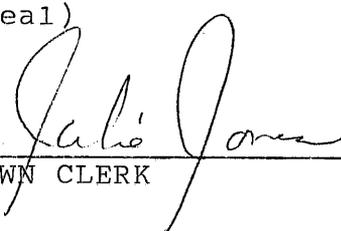
Making a total of 84 mills.

SAID TOWN OF FROMBERG HAS CAUSED ITS CORPORATE NAME TO BE SUBSCRIBED HERETO AND ITS CORPORATE SEAL AFFICED BY ITS MAYOR AND CLERK THIS SIXTH DAY OF AUGUST, 1990.

TOWN OF FROMBERG


MAYOR

ATTEST:
(seal)


TOWN CLERK

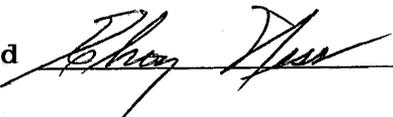
RESOLUTION no. 280

WHEREAS, the Town of Fromberg is applying to the Montana Department of Commerce for a Community Development Block Grant; and,

WHEREAS, the proceeds of the grant will be used to renovate substandard housing with direct benefit to low and moderate income persons; and,

WHEREAS, the Town of Fromberg agrees to conform with the regulations, statutes, terms and conditions described in the CDBG Statement of Assurances; and,

THEREFORE Double-Tree, Inc., is authorized to submit this application on behalf of the Town of Fromberg, to act on behalf of the Town of Fromberg, and to provide such additional information as may be required.

Signed 

Name Elroy Ness

Title Council Chairperson

Date January 8, 1990

Attested 