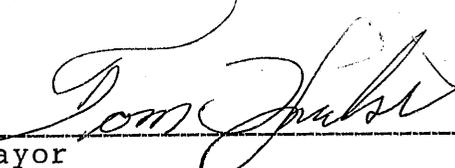


Resolution No. 345

A resolution permitting the clerk to make necessary budget transfers within the various accounts for the fiscal year ending June 30, 2000 to accounts that are short within the Budget.

Passed this ^{7th} day of August 2000.



Mayor



Clerk

Resolution # 344

Resolution of intent to annex

Whereas, in the judgement of the Town of Fromberg City Council, it will be to the best interest of the town and its inhabitants thereof and of the inhabitants of any contiguous tracts or parcel of land, that the boundaries of the Town of Fromberg land be extended so as to include the following within the corporate limits thereof :

Township 5 South, Range 23 East, of the principal Montana meridian, in Carbon County, Montana.
Section 17: That part of the SE ¼ more particularly described in Certificate of survey No. 1258 on file in the office of the clerk and recorder of said County, under Document # 225631.

Therefore, the Town intends to proceed with this annexation of the above tract of land into the corporate limits of the Town of Fromberg.

Signed:

 Renee Shanks, Mayor

Renee Shanks, Mayor
Town of Fromberg

Date: Nov. 9, 1999

Attest:


Elroy Ness, Town Clerk

Resolution # 342

A resolution fixing the salaries of all employees of the Town of Fromberg, Montana and amending ordinance # 334.

Be it ordained by The Town of Fromberg.

Section 1. That ordinance 334 shall be, and hereby is amended such that the following employees of the Town of Fromberg shall receive monthly and/or hourly compensation to the following schedule effective July 1, 1999

Town Marshal	9.71	/ month	1683.07
Town Forman	9.45	/month	1638.00
Town Clerk	7.72	/ month	802.88
Grant Clerk	8.40	/ hour	
Part time other	6.82	/ hour	
Other part time	5.15	Minimum wage effective 7-1-97	

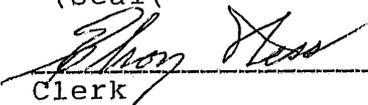
The fulltime employees shall be exempt from 9.30 water, 7.50 sewer and 8.55 or 10.75 garbage payments also the clerk shall be exempt on an hourly prorated basis. Effective July 1, 1995.

Duly passed and adopted by the Town council of the Town of Fromberg this 1st day of Nov. 1999



Mayor

ATTESTED
(Seal)



Clerk

Resolution No. 341

Be it Resolved: That a Town meeting of the council of the Town of Fromberg held on the 25th day of October 1999, the tax levy for the Town of Fromberg for the fiscal year 1999-2000 was made by resolution of the Town council and approved by the mayor as follows;

General (all Purpose)	85.17 Mills
Liability Insurance	9.24 Mills
Health Insurance	2.94 Mills

Making a total of 97.35 Mills,

Said Town of Fromberg has caused its corporate name to be subscribed there to and its corporate seal affixed by its Mayor and Clerk This 25th day of October 1999.



Mayor

Attested:
(Seal)



Clerk

Resolution No. 340

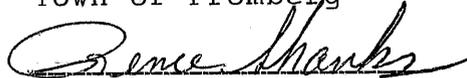
Be it Resolved: That a Town meeting of the Council of the Town of Fromberg held on the 14th day of September 1998 to Amend Resolution NO. 340 to revise the amount of Tax Levy for The Town of Fromberg fiscal year 1998-1999, per ceiling on Town Tax Levy. Amendment made by resolution of the Town of Fromberg Town Council and approved by the mayor as follows:

General (All Purpose)	87.6 Mills
Liability Ins.	8.3 Mills
Health Ins.	2.4 Mills

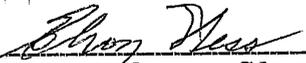
Making a total of 98.30 Mills.

Said Town of Fromberg has caused its corporate name to be subscribed thereto and its corporate seal affixed by its mayor and clerk this 14th day of September 1998.

Town of Fromberg


Renee Shanks, Mayor

Attested:
(Seal)


Elroy Ness, Clerk

Resolution #340

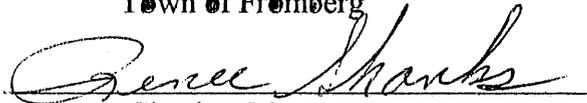
Be it Resolved; That a town meeting of the council of the Town of Fromberg, Montana held on the 3 day of August 1998, the tax levy for the Town of Fromberg for the fiscal year 1998-1999 was made by resolution of the Town council and approved by the mayor as follows;

General (all purpose)	84.5 Mills
Liabilty insurance	12.0 Mills
Health Insurance	3.5 Mills

Making a total of 100 Mills.

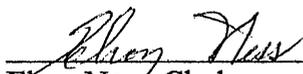
Said Town of Fromberg has caused its corporate its corporation name to be subscribed therto and its corporate seal affixed by its mayor and clerk this 3 rd day of August 1998.

Town of Fromberg


Renee Shanks, Mayor

Amended

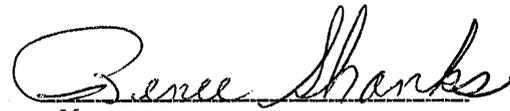
Attested;
(Seal)


Elroy Ness, Clerk

Resolution No. 339

A resolution permitting the clerk to make necessary budget Transfers within the various budget accounts for the fiscal year ending June 30,1998 to accounts that are short within the budget.

Passed this 6th day of July 1998



Mayor



Clerk

RESOLUTION NO. 338

A RESOLUTION AUTHORIZING A REVISED MINIMUM BID FOR SALE OF REAL PROPERTY OWNED BY THE CITY OF FROMBERG

BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF FROMBERG, MONTANA, THAT,

WHEREAS, under Section 7-8-4102, Montana Code Annotated, the Town of Fromberg, a municipality, has the power and authority to sell, dispose of, or lease any property belonging to the town, subject to the provisions that the lease or transfer must be made by an ordinance or resolution passed by a two-thirds vote of all the members of the council, or, if the property is held in trust for a specific purpose, the sale or lease must be approved by a majority vote of the electors of the municipality voting at an election called for that purpose,

NOW THEREFORE, BE IT RESOLVED by the Town Council of the Town of Fromberg, Montana,

1. That it is the intention of the Town of Fromberg, Montana, to sell approximately ten (10) acres located on the east end of that parcel of property known locally as "The Barley Field" containing approximately fourteen (14) acres described below:

That part of NE 1/4 of Section 20, Township 5 South, Range 23 East, P.M.M., Carbon County, Montana, described as Tract 1A, of Certificate of Survey No. 288 on file in the office of the Clerk and Recorder of said County, under Document #190460.

2. Such property has a well and 10 shares of Bartlett Ditch water,

3. Such property is not held in trust for any specific purpose,

4. Land is zoned Residential A with the following restrictions:

- a. Lots 1/2 acres or more;
- b. Dwellings should be no less than 1200 sq. feet (main floor);
- c. Dwelling can be a double-wide or approved modular style home - cannot be older than 1985.
- d. All units will be required to hook up to City water, sewer system and garbage service provided by the developer and/or homeowner.
- e. Buyer shall comply with all zoning requirements, such specifications are available at the Fromberg City Hall.

5. That sealed written offers to purchase said property shall be accepted and held, commencing upon approval of this resolution.

6. Bids will be opened at the next regular Council meeting

occurring after passage of this resolution. Only bids received by 12:00 noon on the date of that Council meeting will be considered. November 3, 1997.

7. The bid must be accompanied by a clean irrevocable Letter of Credit issued by a bank, lending institution, or insurance company authorized to do business in the State of Montana.

8. That such offers shall indicate the amount offered and method of financing.

9. Minimum offer must be in an amount no less than \$3,500 per acre.

10. Buyer shall be required to have said property surveyed and such survey recorded, with survey to be at Buyer's expense.

11. Seller shall have a title commitment prepared for said property.

12. That any and all offers may be refused by the Town.

13. Property subject to any and all reservations and exceptions in patents from the United States or the State of Montana, visible easements, easements of record and rights of way, all building, use, zoning, sanitary and environmental restrictions.

Written offers may be submitted at the Fromberg Town Hall, during working hours, Monday through Thursday, or may be mailed to Elroy Ness, Town Clerk, Town of Fromberg, P.O. Box 246, Fromberg, MT 59029.

PASSED AND APPROVED the 6 day of Oct., 1997, by affirmative vote of at least two-thirds of all members of the Town Council of the Town of Fromberg, as a resolution effective upon passage hereof.


MAYOR

ATTEST:


CLERK

I, Elroy Ness, Town Clerk of the Town of Fromberg, Montana certify the foregoing to be a true copy of Resolution No. 338, passed and approved by affirmative vote of at least two third-thirds of all members of the Town Council of the Town of Fromberg the 6 day of Oct., 1997.


Town Clerk

Resolution # 337

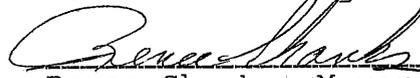
Be it Resolved; That a town meeting of the council of the Town of Fromberg, Montana held on the 6th day of October 1997, the tax levy for the Town of Fromberg for the fiscal year 1997-1998 was made by resolution of the Town council and approved by the mayor as follows;

General (all purpose)	77.24 mills
Liabilty insurance	8.28 mills
Health Insurance	12.75 mills

Making a total of 98.27 mills.

Said Town of Fromberg has caused its corporation name to be subscribed therto and its corporate seal affixed by its mayor and clerk this 6 th day of October 1997.

Town of Fromberg



Renee Shanks, Mayor

Attested;
(Seal)



Elroy Ness, Clerk

Resolution No. 336

A resolution to increase the rates and charges for water service by the Town of Fromberg.

Be it resolved by the Town council of the Town of Fromberg, Montana That, ordenance 329 shall be and hereby is amended.

Whereas, water revenues received by th Town of Fromberg are not sufficient to meet the increased costs of maintenance and operation and,

Whereas, under Section 69-7-101, Montana Code Annotated, 1995 the Town of Fromberg, a municipality, 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 municipal utility systems. Rates , charges and classifications must be reasonable and just.

Now therefore, be it resolved by the Town of Fromberg, Montana.

That it is the intention of the Town of Fromberg, Montana, to charge the following rates for water service supplied by the Town of Fromberg, Montana.

User Categories	Base Rate
Residential	19.80 / Month
Commercial	19.80 / Month
Schools	19.80 / Month per meter
Out of Town Residential	25.75 / Month (1.3 X 19.80)
Out of Town Commercial	25.75 / Month (1.3 X 19.80)
Churches, American Legion	9.90 / Month (0.5 X 19.80)

At the base rate, users are entitled to 4000 gallons per month. Any water usage over 4000 gallons will be charged at \$2.15 per 1000 gallons. Multiple users on a single meter will be charged a base rate for each user on the system.

Bulk Rate Users \$1.25/250 gallons (token value)

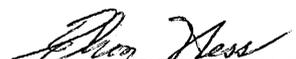
Absent Property Owners 9.90 / Month (0.5 X 19.80)
(with water turned off)

Effective ~~September~~ ^{October} 1, 1997.

Passed and approved this ⁸ day of ~~September~~ ^{Sept} ~~September~~ 1997 by the Town of Fromberg council and approved by its mayor.


Renee Shanks, Mayor

ATTESTED
(seal)


Elroy Ness, Clerk

Resolution # 335

A resolution to increase the rates and charges for garbage services by the Town of Fromberg, Montana.

That ordanance 318 shall be, and hereby is amended.

Whereas garbage revenues recieved by the Town of Fromberg are not sufficient to meet the increase costs of garbage and land fill services.

Therefore, be it resolved by the Town of Fromberg, Montana. That it is the intention of the Town of Fromberg, Montana to charge the following rates for garbage service supplied by the Town of Fromberg, Montana. Charges to be monthly.

Effective ^{October} ~~September~~ / , 1997.

Users categories

Residential	One person	9.00
	Two persons	9.55
	Three persons or more	11.50
Commercial	Small	12.50
	Large	20.00

Passed and approved this ^{Sept,} ~~8~~ day of ^{October} ~~September~~ 1, 1997 by the Town of Fromberg council and approved by its Mayor.


Renee Shanks, Mayor

ATTESTED
(seal)


Elroy Ness, Clerk

Resolution # 334

A resolution fixing the salaries of all employee of the Town of Fromberg, Montana and amending ordance 326.

Be it ordained by The Town of Fromberg.

Section 1. That ordanance 326 shall be, and hereby is amended such that the following employees of the Town of Fromberg Shall recieve monthly and/or hourly compensation to the following schedule effective July 1, 1997.

Town Marshall	9.25	1603.33	/month
Town Forman	9.00	1560.00	/month
Town Clerk	7.35	764.40	/month
Grant Clerk	8.00		/hour
Part time other	6.50		/hour
Other part Time	5.15	Minimum wage	/hour
		effective 7/1/97	

The fulltime employees shall be exempt from 9.30 water, 7.50 sewer and 8.55 or 10.75 garbage payments also the parttime clerk shallbe exempt on an hourly prorated basis. Effective July 1,1995.

Duly passed and adopted by the Town Council of the Town of Fromberg this 8 day of Sept. 1997.


Renee Shanks, Mayor

ATTESTED
(seal)


Elroy Ness, Clerk

RESOLUTION NO. 333

RESOLUTION PERMITTING ENCROACHMENT

WHEREAS, it appears that the house now situated on Lot 12, Block 10, DUDLEY ADDITION to the Town of Fromberg, Carbon County, Montana, encroaches 2 feet into the alley adjacent on the south of said Lot 12, as shown on the attached certificate; and,

WHEREAS, the Town Council finds that such encroachment does not materially hinder the use of the alley by the public; and,

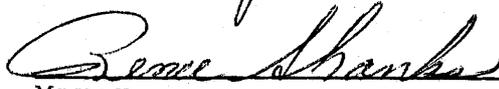
WHEREAS, the owners of said Lot 12 have petitioned the Town Council for a resolution permitting the encroachment in order to satisfy the requirements of a lending institution;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF FROMBERG, MONTANA, AS FOLLOWS:

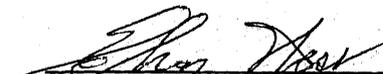
1. That the encroachment above-described is hereby permitted to remain for so long as the present house shall stand.

2. That in the event the present house shall be removed or destroyed, this encroachment permit shall be of no further force or effect.

PASSED BY THE TOWN COUNCIL OF THE TOWN OF FROMBERG, MONTANA,
AND APPROVED BY IT'S MAYOR THIS DAY OF June 9, 1997.



Mayor



Town Clerk

STATE OF MONTANA)

:SS.

COUNTY OF CARBON

On this 9th day of June, 1997, before me, the undersigned, a Notary Public for the State of Montana, personally appeared Renee, Shels and Elroy Ness known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year in this certificate first above written.

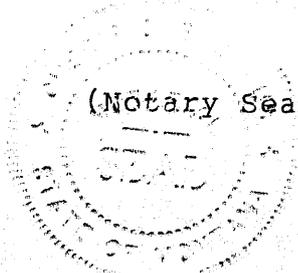
Cherie C. Sammers

Notary Public for the State of Montana

Residing at Gronberg

My Commission Expires: 7-18-98.

(Notary Seal)

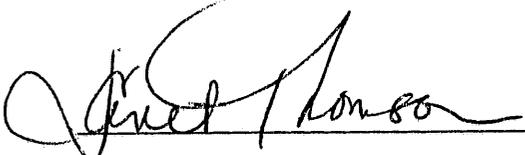


PETITION

I, the undersigned, am the owner of the house and lot at 111 Harley Avenue, legally described as Lot 12, Block 10, Dudley Addition to the Town of Fromberg, Carbon County, Montana.

As the result of a recent property appraisal, it was brought to my attention that two feet on the east end of the house encroaches into the adjacent alley, on the south side of the lot.

This petition is a request to the Town Council to permit this encroachment into the alley for as long as the house shall stand.



Janet Thomson

TR

Resolution No. 332

A resolution to increase the rates and charges for garbage service by the Town of Fromberg, Montana.

Whereas, garbage revenues received by the Town of Fromberg are not sufficient to meet the increase costs of garbage and land fill services.

Therefore, be it resolved by the Town of Fromberg, Montana.

That it is the intention of the Town of Fromberg, Montana, to charge the following rates for garbage service supplied by the Town of Fromberg, Montana.

Effective July 1, 1997.

Users Categories

Residential	One person	8.25
	Two Persons	9.40
	Three persons or more	11.85
	Commercial	
	Small	12.40
	Large	16.00

Passed and approved this _____ day of June 1997 by the Town council and approved by its mayor.

[Handwritten Signature]

Mayor

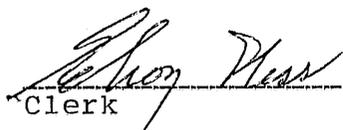
ATTEST;

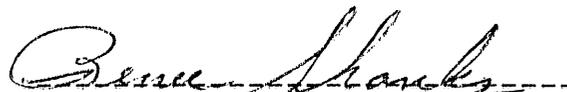
Clerk

Resolution No. 331

A resolution permitting the clerk to make the necessary budget transfers within th various budget accounts for the fiscal year ending June 30,1997 to accounts that are short within the budget.

Passed this 9th day of June 1997.


Clerk


Mayor

Resolution 330

Be it resolved; That a Town meeting of the council of the Town of Fromberg, Montana held on the 19th day of August 1996, the tax levy for the Town of Fromberg for the fiscal year 1996-1997 was made by resolution of the Town council and approved by the Mayor as follows;

General (all Purpose)	88.55 Mills
Liabilty Insurance	1.45 Mills
Health Insurance	8.27 Mills

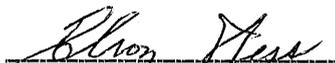
Making a total of 98.27 mills.

Said Town of Fromberg has Caused its Corporate name to be subscribed therto and its Corporate seal affixed by its mayor and clerk this 16 day of September 1996.

Town of Fromberg


Renee Shanks, Mayor

Attested:
(Seal)


Elroy Ness, Clerk

RESOLUTION NO. 329

A RESOLUTION TO INCREASE THE RATES AND CHARGES FOR WATER SERVICE BY THE TOWN OF FROMBERG, MONTANA

BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF FROMBERG, MONTANA, THAT,

WHEREAS, water revenues received by the Town of Fromberg are not sufficient to meet the increased costs of maintenance and operation, and,

WHEREAS, under Section 69-7-101, Montana Code Annotated, (1995), the Town of Fromberg, a municipality, 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 municipal utility systems. Rates, charges, and classifications must be reasonable and just,

NOW THEREFORE, BE IT RESOLVED by the Town Council of the Town of Fromberg, Montana,

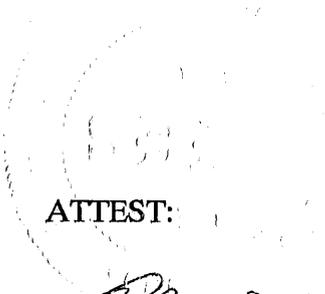
That it is the intention of the Town of Fromberg, Montana, to charge the following rates for water service supplied by the Town of Fromberg, Montana.

<u>User Categories</u>	<u>Base Rate</u>
Residential	\$18.85/month
Commercial	\$18.85/month
Schools	\$18.85/month per meter
Out-of-Town Residential	\$24.50/month (1.3 x \$18.85)
Out-of-Town Commercial	\$24.50/month (1.3 x \$18.85)
Churches, American Legion	\$ 9.43/month (0.5 x \$18.85)

At the base rate, users are entitled to 4,000 gallons per month. Any water usage above 4,000 gallons will be charged at \$2.05 per 1,000 gallons. Multiple users on a single meter will be charged a base rate for each user on the system.

Bulk Rate Users	\$1.25/250 gallons (token value)
Absent Property Owners (with water turned off)	\$9.43/month (0.5 x \$18.85)

PASSED AND APPROVED this _____ day of _____, 1996 by the Town Council
of Fromberg, Montana and approved by its Mayor.



Bene Shanks

Mayor

ATTEST:

Elton Hess

Town Clerk

LOAN RESOLUTION # 327
(Public Bodies)

A RESOLUTION OF THE TOWN COUNCIL
OF THE TOWN OF FROMBERG
AUTHORIZING 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 ITS
MUNICIPAL WATER SYSTEM
FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the TOWN OF FROMBERG
(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
\$ 73,100.00

pursuant to the provisions of State of Montana; and

WHEREAS, the Association intends to obtain assistance from the Farmers Home Administration, 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 FmHA 400-4, "Assurance Agreement," and Form FmHA 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 legal 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 contract or 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 FmHA. No free service or use of the facility will be permitted.

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as _____ of the _____
 hereby certify that the _____ of such Association is composed of
 _____ members, of whom _____; constituting a quorum, were present at a meeting thereof duly called and
 held on the _____ day of _____, 19 ____; and that the foregoing resolution was adopted at such meeting
 by the vote shown above. I further certify that as of _____,
 the date of closing of the loan from the Farmers Home Administration, said resolution remains in effect and has not been rescinded or
 amended in any way.

Dated, this _____ day of _____, 19 ____.

 Title _____

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

ASSOCIATION WATER AND SEWER SYSTEM GRANT AGREEMENT

THIS AGREEMENT dated _____, 19____, between

Town of Fremberg

a public corporation organized and operating under the laws of the State of Montana

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Farmers Home Administration, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under its jurisdiction at an estimated cost of \$ 1,374,100.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 1,233,100.00 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 1,374,100.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 141,000.00 or 75 percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 75 percent of the development costs, as defined by applicable Farmers Home Administration instructions.

GRANTEE AGREES THAT GRANTEE WILL:

- A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.
- B. Permit periodic inspection of the construction by a representative of Grantor during construction.
- C. Comply with any 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.
- D. Comply with all applicable state and federal laws and regulations and manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.
- E. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges,

whether for one or more classes of service, adopted by resolution date _____, 19____, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, D.C. 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0074), Washington, D.C. 20503.

F. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

G. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

H. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

I. To execute Forms FmHA 400-1, "Equal Opportunity Agreement," and FmHA 400-4, "Assurance Agreement," and any other agreements required by Grantor which Grantee is legally authorized to execute. If any such forms have been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this Grant, another form of the same type need not be executed in connection with this Grant.

J. Upon any default under its representations or agreements set forth in this instrument, or in the instruments incident to the awarding of the grant, Grantee, at the option and demand of Grantor, to the extent legally permissible, will repay to grantor forthwith the original amount of the grant received with the interest accruing thereon from the date of default at the market rate for water and waste disposal loan assistance in effect on the date hereof or at the time the default occurred, whichever is greater. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it of previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

K. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

L. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantor may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency and pay the Federal Government an amount computed by applying the Federal percentage of participation in the cost of the original project to the proceeds from sale (after deducting actual and reasonable selling and fix-up expenses, if any, from the sale proceeds). When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

The Grant Agreement covers the following described real property (use continuation sheets as necessary).

N/A

M. Abide by the following conditions pertaining to nonexpendable personal property which is furnished by the Grantor or acquired wholly or in part with grant funds. Nonexpendable personal property means tangible personal property having a useful life of more than one year and an acquisition cost of \$300 or more per unit. A Grantee may use its own definition of nonexpendable personal property provided such definition would at least include all tangible personal property as defined above.

1. Use of nonexpendable property.

(a) The Grantee shall use the property in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the property in connection with its other Federally sponsored activities, if any, in the following order of priority:

- (1) Activities sponsored by FmHA.
- (2) Activities sponsored by other Federal agencies.

(b) During the time that nonexpendable personal property is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the property was originally acquired. First preference for such other use shall be given to FmHA sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of nonexpendable property. When the Grantee no longer needs the property as provided in paragraph (a) above, the property may be used for other activities in accordance with the following standards:

(a) Nonexpendable property with a unit acquisition cost of less than \$1,000. The Grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

(b) Nonexpendable personal property with a unit acquisition cost of \$1,000 or more. The Grantee may retain the property for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the Grantee has no need for the property and the property has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the property can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the property shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the property exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee request and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the property and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share \$100 or ten percent of the proceeds, whichever is greater, for the Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the property elsewhere the Grantee shall be reimbursed by the benefitting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the property, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for nonexpendable personal property shall also include:

(a) Property records which accurately provide for: a description of the property; manufacturer's serial number or other identification number; acquisition date and cost; source of the property; percentage (at the end of budget year) of Federal participation in the cost of the project for which the property was acquired; location, use and condition of the property and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years to verify the existence, current utilization, and continued need for the property.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(e) Proper sales procedures shall be established for unneeded property which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described nonexpendable property (use continuation sheets as necessary).

N. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

O. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm copies may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

P. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

Q. Provide an audit report prepared in sufficient detail to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

R. Agree to account for and to return to Grantor interest earned on grant funds pending this disbursement for program purposes when the Grantee is a unit of local government or a nonprofit organization. States and agencies or instrumentalities of states shall not be held accountable for interest earned on grant funds pending their disbursement.

S. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in items K and L above.

T. Include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

U. In construction contracts in excess of \$2,000 and in other contracts in excess of \$2,500 which involve the employment of mechanics or laborers, to include a provision for compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR, Part 5).

V. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of Section 114 of the Clean Air Act (42 U.S.C. §1175C-9) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. Such regulations and guidelines can be found in 40 CFR 15.4 and 40 FR 17126 dated April 16, 1975. In so doing the Contractor further agrees:

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR 15.20 as of the date of contract award.

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

W. The following clause is applicable to nonprofit organizations:

As a condition of this Grant or Cooperative Agreement, the recipient assures and certifies that it is in compliance with and will comply in the course of the Agreement with all applicable laws, regulations, Executive Orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated in this Agreement by reference, and such statutory provisions as are specifically set forth herein.

GRANTOR AGREES THAT IT:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 141,000.00

which it will advance to Grantee to meet not to exceed 75 percent of the development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

TERMINATION OF THIS AGREEMENT

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in Paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

IN WITNESS WHEREOF Grantee on the date first above written has caused these presence to be executed by its duly authorized

Mayor or his authorized delegated representative

and attested and its corporated seal affixed by its duly authorized Town Clerk

ATTEST:

My M. J. S. Shoups

Council President
(Title)

By Ellen Hess

Town Clerk
(Title)

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

KATHLEEN A. KAUFMAN
Community Development Manager

(Title)

Resolution 326

A resolution fixing the salaries of all employees of the Town of Fromberg, Montana and amending ordanace 316.

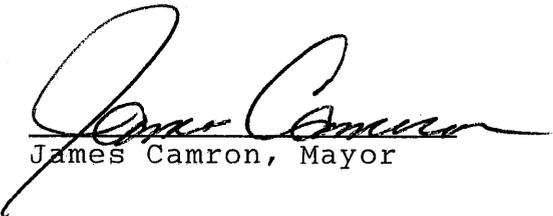
Be it ordained by The Town Council of THE TOWN OF FROMBERG.

Section 1. That ordanance 316 shall be, and hereby is amended such that the following named employees of the Town of Fromberg shall recieve monthly and/or hourly compensation according to the following schedule effective July 1, 1995 .

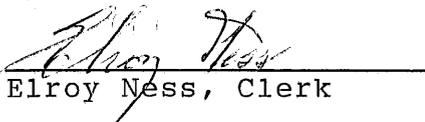
Town Marshall	9.00	1,560.00	/month
Town Forman	8.75	1,516.66	/ month
Town Clerk	7.10	738.40	/month
Grant Clerk	8.00		/hour
Part Time	7.10		/hour
Part Time other	6.25		/ hour

The fulltime employees shall be exempt from water, sewer and garbage payments also the parttime fulltime employees sha'll be exempt on an hourly prorated basis. Effective July 1,1995.

Duly passed and adopted by the Town Council of the Town of Fromberg this 11 day of Sept 1995.


James Camron, Mayor

ATTESTED
(seal)


Elroy Ness, Clerk

Resolution 325

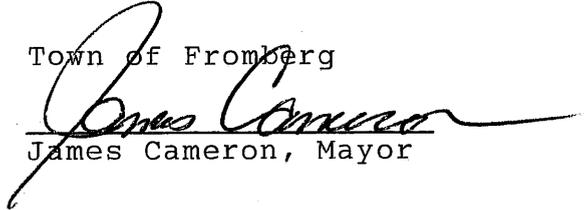
Be it resolved; That a Town meeting of the Council of the Town of Fromberg, Montana held on the 7th day of August 1995, the tax levy for the Town of Fromberg for the fiscal year 1995- 1996 was made by resolution of the Town Council and approved by the mayor as follows;

General (all purpose)	95.5 Mills
Liability Insurance	2 Mills
Health Insurance	6 Mills

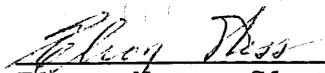
Making a total of 103.5 Mills.

Said Town of Fromberg has caused its Corporate name to be subscribed hereto and its Corporate seal affixed by its Mayor and Clerk this 11 day of September 1995.

Town of Fromberg


James Cameron, Mayor

ATTESTED;
(seal)


Elroy Ness, Clerk

RESOLUTION 324

A Resolution permitting the clerk to make the necessary budget transfers funds within the various budget accounts for the fiscal year ending June 30, 1995 to accounts that are short within the budget

Passed this 7th day of August, 1995.

Mayor *Myrtle S. Lbrunpa*

Town Clerk *Eloy Hess*

LOAN RESOLUTION # 323

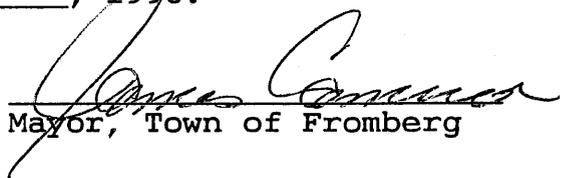
A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FROMBERG authorizing and providing for the incurrence of indebtedness for the purpose of paying expenses for the water system improvements project.

WHEREAS, it is necessary for the Town of Fromberg to take out an interim finance loan from the Bank of Bridger to pay expenses of the water system improvements project;

NOW THEREFORE, in consideration, the Town of Fromberg hereby resolves:

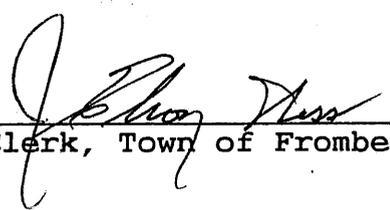
1. To have the loan set up as a multiple advance loan with a single paydown upon receipt of Rural Economic and Community Development Services (formerly Farmers Home Administration) loan funds for the water system improvements project;
2. To have the loan signed by the Mayor and the Town Clerk.

DULY PASSED AND ADOPTED BY THE TOWN COUNCIL OF THE TOWN OF FROMBERG this 10 day of July, 1995.


Mayor, Town of Fromberg

ATTEST:

(seal)


Clerk, Town of Fromberg

RESOLUTION # 322

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FROMBERG AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF ADDITIONAL INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF THE FROMBERG WATER SYSTEM IMPROVEMENTS PROJECT.

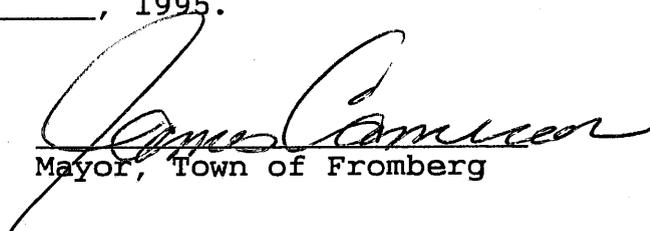
WHEREAS, the Town of Fromberg has been awarded loan/grant funds from the Rural Economic and Community Development Service to finance improvements to the municipal water system; and

WHEREAS, it is necessary for the Town of Fromberg to apply for additional Rural Economic and Community Development Service funds to provide sufficient funds for the proposed improvements to the municipal water system; and

THEREFORE, the Town of Fromberg hereby resolves to submit an application to the Rural Economic and Community Development Service for said additional funds; and

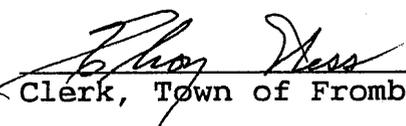
NOW, THEREFORE, James Cameron, Mayor, is hereby authorized to execute all necessary documents to submit the application.

DULY PASSED AND ADOPTED BY THE TOWN COUNCIL OF THE TOWN OF FROMBERG this 10 day of July, 1995.


Mayor, Town of Fromberg

ATTEST:

(seal)


Clerk, Town of Fromberg

RESOLUTION NO. 321

A RESOLUTION SPECIFYING WATER RATE AND WATER REGULATION MODIFICATIONS TO BECOME EFFECTIVE UPON PUBLIC SERVICE COMMISSION APPROVAL AND DIRECTING APPLICATION TO THE PUBLIC SERVICE COMMISSION FOR APPROVAL THEREOF.

WHEREAS, engineering studies and accounting projections prepared for and accepted by the Town of Fromberg, Montana, projects a need for repair and improvement of facilities for the provision of water to inhabitants of the Town of Fromberg, Montana; and

WHEREAS, the rates and charges in effect at the present time are not adequate to provide revenues with which to accomplish the repair and improvement of said facilities, and defray increased costs of operation of said facilities; and

WHEREAS, certain water regulations presently in effect require modification consistent with operations of the Town of Fromberg, Montana, administration under the Mayor-Council form of government; and

WHEREAS, the provision of said repair and improvement of said facilities is essential to the immediate preservation of the public's health; and provision therefore cannot be undertaken until the Town has in effect rates, charges and regulations adequate to assure the funding thereof; that such rates, charges and regulations must, before taking effect, be approved by the Public Service Commission of the State of Montana under the provisions of Sections 69-3-301, 69-3-302, and 69-3-303, MCA as amended; that the time necessary to enable the Public Service Commission to comply with the law in respect of noticing rate and regulation modification applications for hearing, hearing the same and entering its findings thereon; that budgetary requirements respecting commencement of repair and improvement of said facilities contemplate such rates, charges and regulations becoming effective by August 1, 1995, to enable the Town to proceed as expeditiously as possible to accomplish the objectives hereinabove recited; and

WHEREAS, from time to time, the Town's responsibilities for water service to certain parcels of property outside the Town limits may be the subject of controversy, and to facilitate making decisions in such cases, the Town Division of Public Works has prepared a map reflecting a proposed perimeter of the Town's water service area.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF FROMBERG, MONTANA:

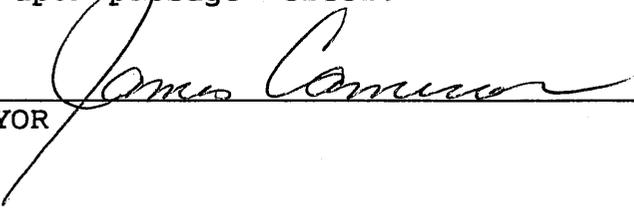
1. That, subject to the provisions of paragraph 3 of this resolution, the schedule of rates, charges and regulations proposed in Exhibit A annexed hereto and by this reference incorporated herein, shall be applied and published as the rates, charges and regulations governing operations of the Town of Fromberg, Montana, Water Utility, effective forthwith.

2. The Mayor and Clerk of the Council are authorized and directed to apply to the Public Service Commission of the State of Montana for approval of the rates, charges and regulations set forth in Exhibit A of the resolution. The Mayor and all other officials, employees and representatives of the Town of Fromberg are authorized and directed to do all things necessary or convenient to accomplishing the objectives of this resolution and reasonable costs and expenses therefore shall be a proper expense of the Town.

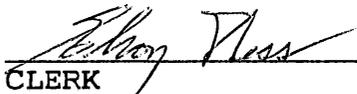
3. That the rates, charges and regulations set forth in Exhibit A hereof shall not become effective in any event until the Public Service Commission of the State of Montana has finally approved the same pursuant to law and established an effective date therefore.

4. Said application to the Public Service Commission may also contain a request for a determination of the limits of the Town's water service area.

PASSED by affirmative vote of the entire Town Council of the Town of Fromberg, Montana, on this 6 day of Feb, 1995, as a resolution effective upon passage hereof.


MAYOR

ATTEST:


CLERK

I, Elroy Ness, Town Clerk of the Town of Fromberg, Montana certify the foregoing to be a true copy of Resolution No. 321, passed by the Town Council of the Town of Fromberg, Montana the 6 day of Feb 1995.


Town Clerk

RESOLUTION # 220

RESOLUTION OF ANNEXATION

WHEREAS, the Fromberg Town Council has proposed to annex the following tract:

That part of NE $\frac{1}{4}$ of Section 20, Township 5 South, Range 23 East, of the Principal Montana Meridian, Carbon County, Montana, described as Tract 1A of Amended Plat of Tract 1, of Certificate of Survey No. 288 on file in the office of the Clerk and Recorder of Carbon County, Montana, under document #190460.

WHEREAS, notice of such annexation has been published in a local newspaper, and a twenty day period of protest has been observed.

THEREFORE, the Town of Fromberg does hereby extend the boundaries of the town so as to embrace and include the following tract of land;

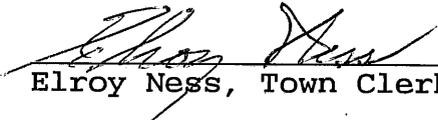
ABOVE

Signed:


James Cameron, Mayor
Town of Fromberg

Date: January 9, 1995

Attest:


Elroy Ness, Town Clerk

RESOLUTION # 319

RESOLUTION OF INTENT TO ANNEX

WHEREAS, in the judgement of the Town of Fromberg City Council, it will be to the best interest of the town and its inhabitants thereof and of the inhabitants of any contiguous tracts or parcels of land, that the boundaries of the Town of Fromberg land be extended so as to include the following within the corporate limits thereof:

That part of NE 1/4 of Section 20, Township 5 South, Range 23 East, of the Principal Montana Meridian, Carbon County, Montana, described as Tract 1A of Amended Plat of Tract 1, of Certificate of Survey No. 288 on file in the office of the Clerk and Recorder of Carbon County, Montana, under document # 190460.

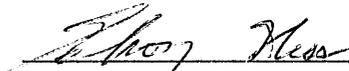
THEREFORE, the town intends to proceed with this annexation of the above tract of land into the corporate limits of the Town of Fromberg.

Signed:


James Cameron, Mayor
Town of Fromberg

Date: November 7, 1994

Attest:

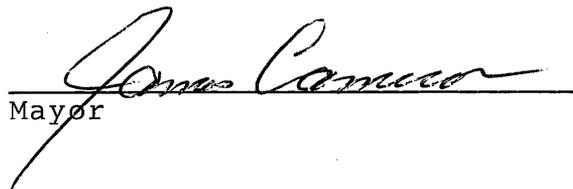

Elroy Ness, Town Clerk

Resolution # 318

Table of contents of the Fromberg Municipal Codes. Title No. 11
table of fees. Adopted September 1975

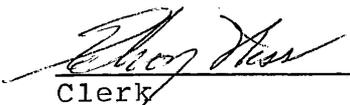
Garbage charges; The charges for garbage are 7.25 for single person,
8.55 for two persons, 10.75 for three or more persons per month.
Charges for business are 11.20 and 14.55 as determined by the
Fromberg town council, effective September 1, 1994 an increase
of 12% applied to garbage charges.

Duly passed and adopted by the Fromberg Council of the Town of
Fromberg this 12 day of Sept 1994.



Mayor

ATTESTED
(Seal)



Clerk

Resolution 317

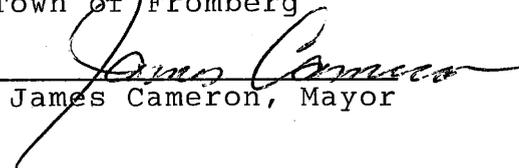
BE IT RESOLVED: THAT A TOWN MEETING OF THE COUNCIL OF THE TOWN OF FROMBERG, MONTANA HELD ON THE 8th DAY OF AUGUST 1994, the tax levy for the Town of Fromberg for the fiscal year 1994- 1995 was made by resolution of the Town Council and approved by the Mayor as follows;

General (all Purpose)	89 mills
Liability Insurance	9 mills
Health Insurance	2 mills

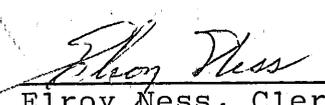
Making a total of 100 mills.

Said Town of Fromberg has caused its Corporate name to be subscribed hereto and its Corporate seal affixed by its Mayor and Clerk this 12 day of September 1994.

Town of Fromberg


James Cameron, Mayor

ATTESTED:
(seal)


Elroy Ness, Clerk

Resolution 316

A RESOLUTION FIXING THE SALARIES OF ALL EMPLOYEES OF THE TOWN OF FROMBERG AND AMENDING ORDINANCE 311

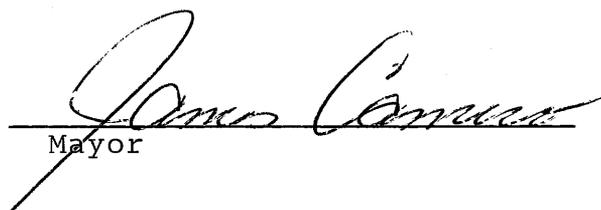
BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF FROMBERG.

Section 1. That ordinance 311 shall be, and hereby is amended such that the following named employees of the town of fromberg shall recieve monthly and /or hourly compensation according to the following schedule effective July 1, 1994.

Town Marshall	8.53	1,478.54 / Month
Town Forman	7.95	1,378.00 / Month
Town Clerk	6.69	637.78 / MOnth
Grant. Clerk	7.53	/Hour
Part Time	6.69	/Hour
Part Time other	6.31	/Hour
Other part Time	5.90	/Hour

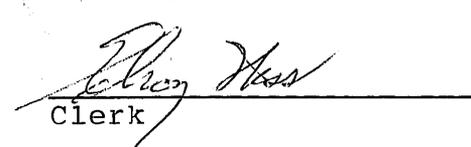
The fulltime employees shall be exempt from water, sewer and garbage payments also the parttime fulltime employees shall be exempt on an hourly prorated basis. Effective July 1,1994.

Duly passed and adopted by the Town Council of the Town of Fromberg this 12 day of Sept 1994.



Mayor

ATTESTED
(seal)



Clerk

Resolution 315

A RESOLUTION PERMITTING THE CLERK TO MAKE THE NECESSARY BUDGET TRANSFERS FUNDS WITHIN THE VARIOUS BUDGET ACCOUNTS FOR THE FISCAL YEAR ENDING JUNE 30, 1994 TO ACCOUNTS THAT ARE SHORT WITHIN THE BUDGET.

PASSED THIS 8th Day of August, 1994.

Mayor

A handwritten signature in cursive script, appearing to read "James Cameron", written over a horizontal line.

Town Clerk

A handwritten signature in cursive script, appearing to read "Shay Hill", written over a horizontal line.

Resolution #314

A RESOLUTION CALLING FOR AN ELECTION ON THE QUESTION OF CONDUCTING
A LOCAL GOVERNMENT REVIEW ESTABLISHING A STUDY COMMISSION

Councilman _____ introduced the following and moved for
its adoption, Councilman _____ seconded the motion, and it
was unanimously adopted:

WHEREAS, Section 7-3-173(2) MCA states: the governing body shall call for an
election, to be held on the Primary Election date, on the question of conducting a
local government review and establishing a Study Commission, in 1994, to implement
the provisions of Article XI, Section 9(2), of the Montana Constitution as provided
in Section 2, Chapter 70, Laws of 1977.

NOW, THEREFORE BE IT RESOLVED:

That the question of conducting a local government review and establishing a
Study Commission, be placed on the June 7, 1994, Primary Election Ballot substant-
ially following the ballot format outlined in 7-3-175 MCA:

FOR the review of the government of the city or town of
Flomberg and the establishment of a
local government Study Commission consisting of 3
members to examine the government of the city or town of
Flomberg and submit recommendations
thereon.

AGAINST the review of the government of the city or town
of _____ and the establishment of
a Study Commission.

PASSED and approved by the Mayor of Flomberg on MARCH 24, 1994.

MAYOR OF Flomberg
Carbon County, Montana

Janis Connor
MAYOR

ATTEST:

BY: [Signature]
City or Town Clerk

LOAN RESOLUTION
(Public Bodies)

309 313

A RESOLUTION OF THE TOWN COUNCIL
OF THE TOWN OF FROMBERG
AUTHORIZING 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 ITS
MUNICIPAL WATER SYSTEM
FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the TOWN OF FROMBERG
(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
\$ 734,100

pursuant to the provisions of _____ ; and

WHEREAS, the Association intends to obtain assistance from the Farmers Home Administration, 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 FmHA 400-4, "Assurance Agreement," and Form FmHA 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 legal 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 contract or 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 FmHA. No free service or use of the facility will be permitted.

BUDGETARY AUTHORITY RESOLUTION
RESOLUTION # 308 312

WHEREAS, on January 14, 1994, the Town of Fromberg received Montana Community Development Block Grant funds in the amount of \$400,000, for which no provision was made in fiscal 1993 Town 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 \$400,000 and directs the Town Clerk to allocate said amount to the following programs and objects:

Activities	EXPENDITURE CODE	ADMINISTRATIVE COSTS	ACTIVITY COSTS
Wages	5210-430511 100	1,000	
Supplies	5210-430511 200	200	
postage	5210-430511 300	1,400	
telephones	5210-430511 340	50	
consulting	5210-430511 352	30,000	
audit	5210-430511 350	300	
audit	5210-430511 351	500	
AGTA	5210-430511 353	300	
Travel	5210-430511 370	250	
Engineers/Res.	5210-430591 355		70,810
Other Engineers	5210-430591 356		9,441
Construction	5210-430591 950		285,749 285,749
TOTALS		34,000	366,000

BE IT FURTHER RESOLVED that the above appropriation shall become effective on February 7, 1994.

TOWN OF FROMBERG, MONTANA
By: James Cameron
James Cameron, Mayor

Attest: Elroy Ness
Elroy Ness, Clerk

Resolution 311

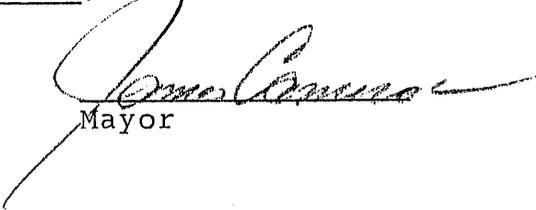
A RESOLUTION FIXING THE SALARIES OF ALL EMPLOYEES OF THE TOWN OF FROMBERG AND AMENDING ORDINANCE 300

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

Section 1. That ordinance 300 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 Oct. 1, 1993;

Town Marshall	1393.20 / Month
Town Foreman	1300.00 / Month
Town Clerk	601.55 / Month
Parttime Cop	7.27 / hour
Parttime other	6.31 / hour
Other parttime	5.90 / hour

DULY PASSED AND ADOPTED BY THE TOWN COUNCIL OF THE TOWN OF FROMBERG THIS 13 day of OCT, 1993


Mayor

ATTESTED:
(seal)


Clerk

EXHIBIT 5-A
BUDGETARY AUTHORITY RESOLUTION
 RESOLUTION NO. 310

WHEREAS, on May 3, 1993, the Town of Fromberg received Montana HOME Grant funds in the amount of \$ 165,000, for which no provision was made in the Fiscal Year 1993 Town 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 \$ 165,000 and directs the Town Clerk to allocate said amount to the following program activities:

<u>EXPENDITURE CODE</u>	<u>ADMINISTRATION COSTS</u>	<u>ACTIVITY COSTS</u>
470 210 110 Personnel	\$ 400 Personnel	
200 Supplies	\$ 250 Supplies	
320 Printing	500 Printing	
350 Consulting	12,150 Consulting	
350 legal	500 legal	
350 Audit	1,000 Audit	
370 travel	200 travel	

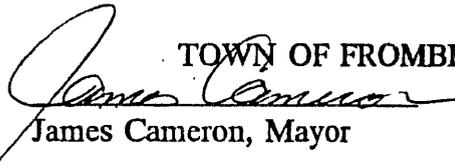
\$ 150,000 Rehab

470 240 361 reimbursement

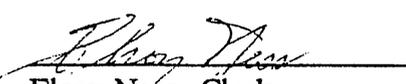
TOTALS:	\$ 15,000	\$ 150,000
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BE IT FURTHER RESOLVED that the above appropriation shall become effective on August - 18, 1993.

TOWN OF FROMBERG, MONTANA


 James Cameron, Mayor

ATTEST:

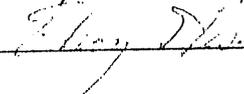

 Elroy Ness, Clerk

RESOLUTION # 309

Whereas, the Town of Fromberg has been awarded a HOME Investment Partnership Program grant for a housing rehabilitation project to renovate substandard housing;

That the Town of Fromberg agrees to adopt the project Policies and Procedures Manual and to conform to the terms and conditions stated therein, and

That the Citizens Advisory Committee has been appointed to carry out the policies and procedures stated in the Manual.

Signed: 
Name: James Cameron
Title: Mayor
Date: August 18, 1993
Attest: 

TOWN OF FROMBERG

"Heart of the Clarks Fork Valley"

RESOLUTION # 308

FROMBERG, MONTANA

WHEREAS, the Town of Fromberg is applying to the Montana Department of Commerce for a Community Development Block Grant for a Public Facilities Project to make necessary improvements to the Town's water system; and

Whereas, the Town of Fromberg has a balance of program income from the FY91 Gateway Software Corporation CDBG Economic Development Project; and

Therefore, the Town of Fromberg hereby commits \$25,850 of the CDBG Program Income to this CDBG Public Facilities Project, \$5,850 of which has been expended on preliminary engineering studies, the remaining \$20,000 to be used for necessary project activities.

Signed: _____

Name: _____

James Cameron

Title: _____

Mayor

Date: _____

8-18-93

Attest: _____

[Signature]

TOWN OF FROMBERG

"Heart of the Clarks Fork Valley"

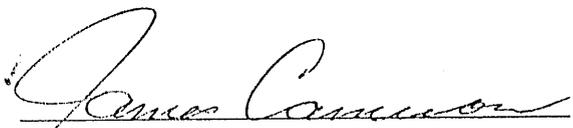
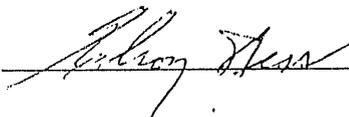
RESOLUTION # 307

Fromberg, Montana

WHEREAS, the Town of Fromberg is applying to the Montana Department of Commerce for a Community Development Block Grant to assist the Town of Fromberg in providing improvements to the Fromberg municipal water system;

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

That James Cameron, 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 James Cameron
Title Mayor
Date 8-18-93
Attest 

Town of Fromberg

Resolution 303

A RESOLUTION OF INTENT TO ANNEX THE PROPERTY BELONGING TO FRANK BUECHLER

WHEREAS, The Town of Fromberg desires to include within its boundaries that parcel of land presently owned by Frank Buechler and described as follows:

An irregular tract of land lying in and being a part of the Southeast Quarter of Section Seventeen, Township Five South of Range Twenty Three East, M.P.M., Carbon County, Montana, more fully described as follows: Beginning at a point 828 feet west and 1110 feet North of the Southeast corner of said Section 17, which point is on the west line of the County Road and 300 feet due North of the North line of North Street in the Dudley First Addition to the Town of Fromberg, said point being the Northeast corner of the herein described tract (and also said point being the Southeast corner of a tract of land known as Canning Factory Lot), thence due west 209 feet; thence due South 35.6 feet; thence due east to County Road; thence North 19 degrees 48 minutes west to point of beginning and containing about sixteen hundredths acres,

ALSO

An irregular tract of land situated in the said Section, Township and Range above stated, described as follows: Beginning at a point on the north line of North Street of the Dudley First Addition to the Town of Fromberg, as on record in the office of the Clerk and Recorder of Carbon County, Montana, 160 feet east of the intersection of said north line of North Street and east line of Harley Avenue, said point being the southwest corner of the herein described tract; thence north parallel to Harley Avenue 264.4 feet, thence east parallel to North Street 238.2 feet to an intersection with the west line of Billings Avenue; thence about south 19 degrees 48 minutes west following west line of Avenue to an intersection with the said north line of North Street; thence West 143 feet to a point of beginning, containing 1.16 acres.

NOW THEREFORE it is,

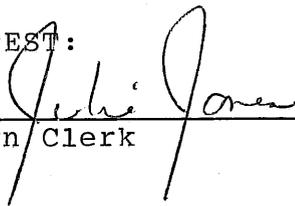
RESOLVED, that the intent to annex the property belonging to Frank Buechler was approved by the Town Council with all members in favor.

Duly passed and adopted by the Town Council of the Town of Fromberg, Montana on the 1st of February, 1993.



Mayor

ATTEST:



Town Clerk

Resolution 303

NOTICE OF ANNEXATION

Notice is hereby given that the Town Council of the Town of Fromberg, Montana, on February 1, 1993, duly and regularly passed a resolution that the following described lands be annexed within the corporate limits of said town:

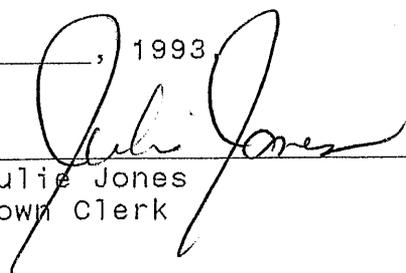
An irregular tract of land lying in and being a part of the Southeast Quarter of Section Seventeen, Township Five South of Range Twenty-Three East, M.P.M., Carbon County, Montana, more fully described as follows: Beginning at a point 828 feet west and 1110 feet North of the Southeast corner of said Section 17, which point is on the west line of the county Road and 300 feet due North of the North line of North Street in the Dudley First Addition to the Town of Fromberg, said point being the Northeast corner of the herein described tract (and also said point being the Southeast corner of a tract of land known as Canning Factory Lot), thence due west 209 feet; thence due South 35.6 feet; thence due east to County Road; thence North 19 degrees 48 minutes west to point of beginning and containing about sixteen-hundredths acres,

ALSO

An irregular tract of land situated in the said Section, Township and Range above stated, described as follows: Beginning at a point on the north line of North Street of the Dudley First Addition to the Town of Fromberg, as on record in the office of the Clerk and Recorder of Carbon County, Montana, 160 feet east of the intersection of said north line of North Street and east line of Harley Avenue, said point being the southwest corner of the herein described tract; thence north parallel to Harley Avenue 264.4 feet, thence east parallel to North Street 238.2 feet to an intersection with the west line of Billings Avenue; thence about south 19 degrees 48 minutes west following west line of Avenue to an intersection with the said north line of North Street; thence West 143 feet to a point of beginning, containing 1.16 acres.

Notice is further given that for a period of 20 days after the first publication of this notice, the Town Clerk of said town will receive expressions in writing of approval or disapproval of the proposed extensions of the boundaries of such town from freeholders of the territory proposed to be embraced therein.

Dated this _____ day of _____, 1993.



Julie Jones
Town Clerk

Member Vernon Adkins moved the adoption of the following resolution.

RESOLUTION NO. 302

A RESOLUTION RELATING TO PARTICIPATION IN POOLED SELF-INSURANCE PROGRAM; APPROVING AND AUTHORIZING THE MONTANA MUNICIPAL INSURANCE AUTHORITY TO ISSUE BONDS ON BEHALF OF THE MUNICIPALITY, TO REFUND THE OUTSTANDING LIABILITY INSURANCE BONDS ISSUED BY THE AUTHORITY ON BEHALF OF THE MUNICIPALITY, APPROVING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT RELATING THERETO AND AUTHORIZING THE ISSUANCE AND COMMITTING TO EXECUTE AND DELIVER TO THE MONTANA MUNICIPALITY INSURANCE AUTHORITY A GENERAL OBLIGATION NOTE EVIDENCING THE MUNICIPALITY'S PROPORTIONATE SHARE OF PRINCIPAL OF AND INTEREST ON THE REFUNDING BONDS AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS.

BE IT RESOLVED by the governing body (the Governing Body) of Framberg (the Municipality) as follows:

Section 1. Recitals.

1.01. The Montana Municipal Insurance Authority (the Authority) was created as a joint exercise of powers entity pursuant to the Interlocal Agreement creating the Montana Municipal Insurance Authority (the Interlocal Agreement) and Title 7, Chapter 11, Part 1, M.C.A. (the Interlocal Cooperation Act) and as authorized under the provisions of Section 2-9-211 and 2-9-212, M.C.A. for the purpose of providing insurance and reinsurance programs to Montana municipalities and jointly issuing obligations to fund self-insurance funds.

1.02. Pursuant to that authority, the Authority established its Liability Insurance Program (Program) and made it available to all Montana municipalities executing the Interlocal Agreement and the Liability Insurance Coverage Program Agreement (the Insurance Agreement), The Authority issued and sold its Liability Insurance Coverage Program Bonds, Series 1986 (the Outstanding Bonds) in the aggregate principal amount of \$6,265,000, of which \$5,455,000 in principal amount are now outstanding on behalf of the municipalities (the Participating Members) adopting a Resolution authorizing the Authority to do so, and executing and delivering to the Authority a general obligation note (the Outstanding Note) in a principal amount equal to their proportionate share of the principal of and interest on the Bonds (the Debt Service Premium) as defined in the Indenture of Trust dated

as of August 15, 1986 between the Authority and First Trust Company of Montana, National Association, as trustee and successor to First Trust Company of Montana (the Indenture). Under the terms of the Outstanding Notes and the Agreement, each Participating Member is obligated to pay its Debt Service Premium in order to participate in the Program. In addition to the Debt Service Premium, each Participating Member is obligated to pay Risk Premium, Supplemental Debt Service Premium and any Risk Premium Adjustments or Deferred Risk Premium Adjustments.

1.03. The Outstanding Bonds bear interest at a net effective interest rate of (7.172%). The Board of Directors of the Authority (the Board) has determined that it may be advantageous to the Program and the Participating Members, now or in the future, to advance refund or refund the Series 1986 Bonds and thereby achieve a reduction in annual debt service on the Outstanding Bonds.

1.04. In order for the Board to refund the Series 1986 Bonds it must have authorization from the Participating Members to issue on behalf of the Participating Members bonds (the Refunding Bonds) to refund the Outstanding Bonds, and the Authority has requested that the Municipality adopt a resolution granting such authorization.

Section 2. Authorization.

2.01. The Governing Body hereby authorizes the Authority to issue Refunding Bonds on its behalf as provided herein, and declares its intention to issue a Refunding Note that shall be a general obligation of the Municipality and shall represent its proportionate share of the Refunding Bonds, as determined under the Indenture and to execute and deliver the Refunding Note and such other documents to the Authority as may be required to effectuate the issuance of the Refunding Bonds; provided that the interest rates to be borne by the Refunding Bonds will result in present value savings to the Authority of not less than one and one half percent (1 1/2 %) of the principal amount of the Outstanding Bonds, using the interest rate on the Refunding Bonds as a discount factor over the term of the Refunding Bonds, which savings shall be net of the costs of issuing the Refunding Bond.

2.02. The Authority is hereby authorized to rely on this Resolution and the Municipality hereby authorizes the Authority to proceed with the issuance of the Refunding Bonds on behalf of the Municipality in an amount sufficient, among other things, to defease the Outstanding Bonds and pay all costs associated with the issuance of the Refunding Bonds and defeasance of the Outstanding Bonds.

2.03. The Governing Body hereby preliminarily authorizes the issuance of its Refunding Note in a principal amount not to exceed 120% of the

principal of the Outstanding Notes, in substantially the form of the Note previously issued to refund the Outstanding Notes. The Mayor and City Clerk are hereby authorized and directed to execute and deliver the Refunding Notes to the Authority within 15 days of the date of the receipt of written notice from the Authority to do so; provided that: 1) the interest rates savings described in Section 2.01 can be achieved; 2) the principal amount of the Refunding Note does not exceed 3% of the taxable value of the Municipality, as of the date of the last completed assessment for state and local taxes; and 3) the Board has determined that the issuance of the Refunding Bonds is in the best interest of the Program and the Participating Member and the Refunding Bonds will be issued in the principal amount necessary, but not greater than the principal amount necessary, to provide funds, with other available funds in the Debt Service Fund to the Authority allocable to the Outstanding Bonds, to establish the escrow account to defease the Outstanding Bonds, and to pay the costs of issuance of the Refunding Bonds and the costs of refunding the Outstanding Bonds. The term of the Refunding Note shall not exceed the term on the Outstanding Note.

Section 3. Effective Date. This resolution shall become effective immediately upon passage.

Passed and approved this 2nd day of November, 1992.

WITNESS my hand officially as such recording officer and the seal of the Town of Fromberg this 2nd day of November, 1992.

(SEAL)

Julie Jones
Clerk

James Conner
Mayor

Member Jean Carlson seconded the motion and the following voted in favor thereof: Jack Wipplinger, Myrtle Skrupa, and Vernon Adkins

and the following voted against the same: -0-

Absent: -0-

CERTIFICATE OF MINUTES RELATING TO
RESOLUTION NO. 302

Issuer: City of (Town of) Fromberg

Governing Body: _____

Kind, date, time and place of meeting: a Regular
meeting, held November 2, at 2:30 o'clock p.m., in
the Town Hall, Fromberg, Montana.

Members Present:

Members Absent:

Documents attached:

Minutes of said meeting (pages): _____ through _____
including

RESOLUTION NO. 302

A RESOLUTION RELATING TO PARTICIPATION IN POOLED SELF-INSURANCE PROGRAM; APPROVING AND AUTHORIZING THE MONTANA MUNICIPAL INSURANCE AUTHORITY TO ISSUE BONDS ON BEHALF OF THE MUNICIPALITY, TO REFUND THE OUTSTANDING LIABILITY INSURANCE BONDS ISSUED BY THE AUTHORITY ON BEHALF OF THE MUNICIPALITY, APPROVING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT RELATING THERETO AND AUTHORIZING THE ISSUANCE AND COMMITTING TO EXECUTE AND DELIVER TO THE MONTANA MUNICIPALITY INSURANCE AUTHORITY A GENERAL OBLIGATION NOTE EVIDENCING THE MUNICIPALITY'S PROPORTIONATE SHARE OF PRINCIPAL OF AND INTEREST ON THE REFUNDING BONDS AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS.

I, the undersigned, being the duly qualified and acting recording officer of the political subdivision issuing the obligations referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of the corporation in my legal custody, from which they been transcribed; that the documents are a correct and complete transcript of the minutes of a meeting of the governing body of the political subdivision, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at the meeting, insofar

as they relate to the obligations; and that the meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice given as required by law.

WITNESS my hand officially as such recording officer this 2nd day of November, 1992.



Clerk

TOWN OF FROMBERG

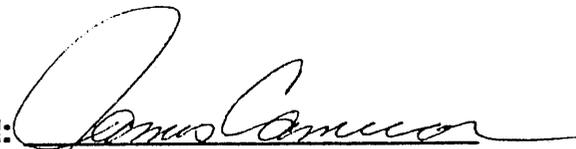
RESOLUTION # 301

STANDARD OF CONDUCT

WHEREAS, the Town of Fromberg has been awarded a FmHA Housing Preservation Grant for housing revitalization;

That the Town of Fromberg agrees that if an employee, officer, or agent of the Town, or such person's immediate family members conduct business with the Town, the Town of Fromberg will not:

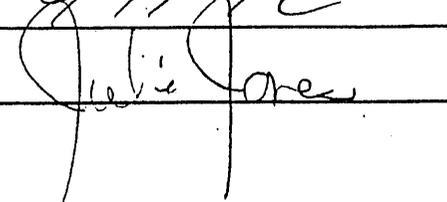
- a) Participate in the selection, award, or administration of a contract to such persons for which federal funds are used;
- b) Knowingly permit the award or administration of the contract to be delivered to such persons or other immediate family members or any entity (i.e. partnerships, corporation, etc.) in which such persons or their immediate family members have an ownership interest; or
- c) Permit such person to solicit or accept gratuities, favors or anything of monetary value from landlords or developers of rental or ownership housing projects or any other person receiving HPG assistance.

Signed: 

Name: James Cameron

Title: Mayor, Town of Fromberg

Date: 8-14-92

Attest: 

RESOLUTION 300

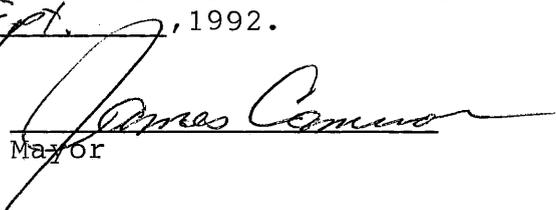
A RESOLUTION FIXING THE SALARIES OF ALL EMPLOYEES OF THE TOWN OF FROMBERG AND AMENDING ORDINANCE 232.

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

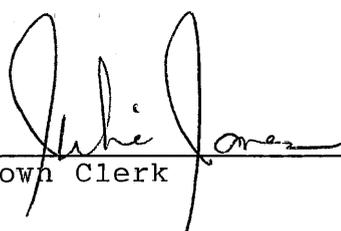
Section 1. That Ordinance 232 shall be, and hereby is amended such that the following named employees of the Town of Fromberg shall receive monthly and/or hourly compensation according to the following schedule effective August 1, 1992:

Town Marshall	1394.20/month
Town Foreman	1213.00/month
Town Clerk	738.30/month
Parttime cop	7.27/hour
Parttime others	6.31/hour

DULY PASSED AND ADOPTED BY THE TOWN COUNCIL OF THE TOWN OF FROMBERG this 14th day of Sept., 1992.


Mayor

ATTEST:
(seal)


Town Clerk

Resolution 299

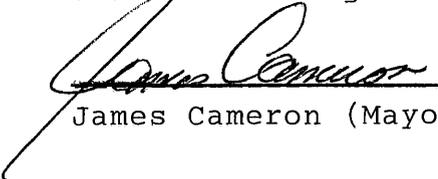
BE IT RESOLVED: that a town meeting of the Town Council of the Town of Fromberg, Montana held on the 3rd day of August 1992, the tax levy for the Town of Fromberg for the fiscal year 1992-1993 was made by resolution of the Town Council and approved by the Town Mayor as follows:

General (all purpose)	94 mills
Liability Insurance	4 mills
Health Insurance	4 mills

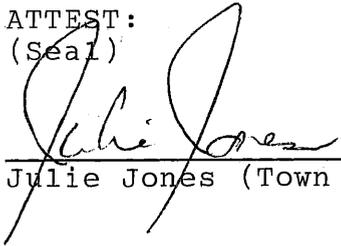
Making a total of 102 mills

SAID TOWN OF FROMBERG HAS CAUSED ITS CORPORATE NAME TO BE SUBSCRIBED HERETO AND ITS CORPORATE SEAL AFFIXED BY ITS MAYOR AND CLERK THIS THIRD DAY OF AUGUST, 1992.

Town of Fromberg


James Cameron (Mayor)

ATTEST:
(Seal)


Julie Jones (Town Clerk)

Loan Resolution 298

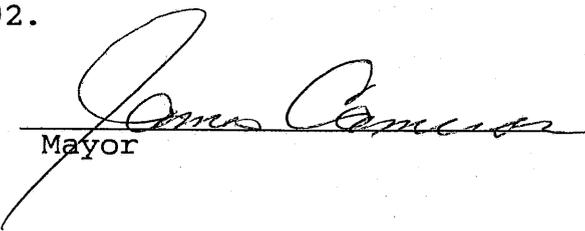
A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FROMBERG authorizing and providing for the incurrence of indebtedness not to exceed \$100,000 for the purpose of paying the contractors for the housing project upon finishing each project.

WHEREAS, it is necessary for the Town of Fromberg to take out an interim finance loan from the Bank of Bridger to pay the contractors for the housing project upon finishing each project.

NOW THEREFORE, in consideration, the Town of Fromberg hereby resolves:

1. to have the loan set up to where the principle would be paid upon receiving funds from the State for the housing project;
2. to have the loan signed by the Mayor (Jim Cameron) and the Clerk (Julie Jones);
3. to pay the interest on the loan quarterly.

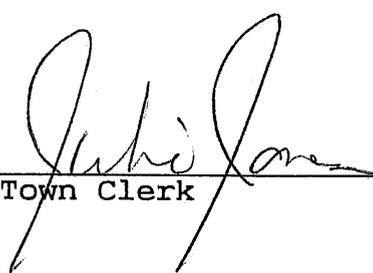
DULY PASSED AND ADOPTED BY THE TOWN COUNCIL OF THE TOWN OF FROMBERG this 3 day of July, 1992.



Mayor

ATTEST:

(seal)



Town Clerk

BUDGETARY AUTHORITY RESOLUTION

RESOLUTION 297

Whereas, on June 1, 1992 the Town of Fromberg voted to buy one police car from City Motor Company for \$13048.00.

Whereas, the Town will receive a loan from the Bank of Bridger for such expense.

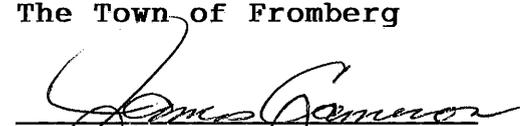
Whereas, the Town may appropriate extra for expenses from extra revenue for the fiscal year 1991-1992 of the General Account for such purchase stated above.

NOW THEREFORE, BE IT RESOLVED THAT THE Town Council hereby appropriates the sum of \$13048 for the following expense.

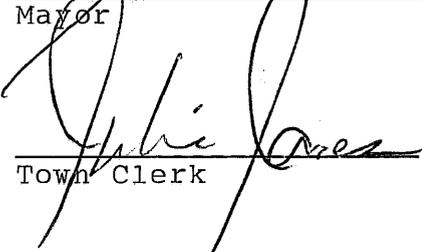
Expenditure	Expenditure Code	Cost
equipment	100420100220	13048.00

Be it further resolved that the above appropriations shall be effective June 1, 1992.

The Town of Fromberg



Mayor



Town Clerk

Loan Resolution 296

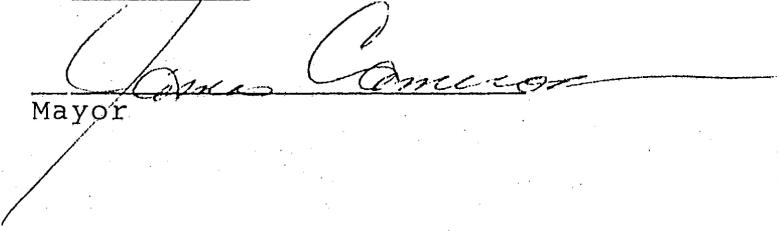
A RESOLUTION OF THE TOWN COUNCIL OF TOWN OF FROMBERG authorizing and providing for the incurrence of indebtedness for the purpose of purchasing a patrol car.

WHEREAS, it is necessary for the Town of Fromberg to take out a loan from the Bank of Bridger for \$13,048.00 to purchase a patrol car.

NOW THEREFORE, in consideration the Town of Fromberg hereby resolves:

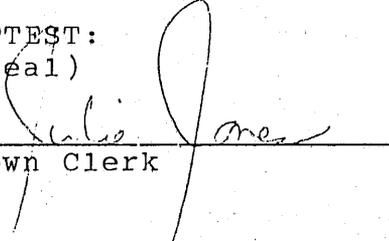
1. to have the loan set up for five years on monthly payments.
2. to have the loan signed by the Mayor (Jim Cameron) and the Clerk (Julie Jones).
3. to use the purchased patrol car as collateral against the loan

DULY passed and adopted by the Town Council of the Town of Fromberg on the 2 day of June, 1992.



Mayor

ATTEST:
(seal)



Town Clerk

Budgetary Authority Resolution

RESOLUTION 295

WHEREAS, on February 3, 1992 the Town of Fromberg voted to raise the water rates by eighty five percent.

WHEREAS, the town may appropriate extra for expenses from extra revenue received during the fiscal year by formal resolution.

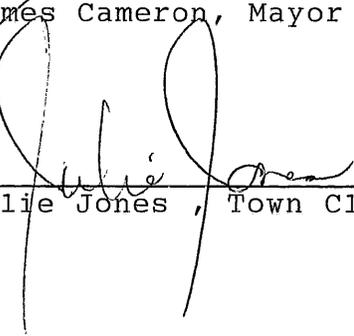
NOW THEREFORE, BE IT RESOLVED that the Town Council hereby appropriates the sum of \$16,300 for the following expenses.

Expenditure	Expenditure Code	Costs
Salaries	430810110	7740.00
Supplies	430810200	450.00
Misc.	430810390	210.00
Garbage Refuse Collection		
Supplies	430830200	1500.00
Garbage Refuse Collection		
Repair & Main	430830360	1000.00
Garbage Refuse Collection		
Misc.	430830390	1800.00
Garbage Truck Payment	52100	2400.00
Capital Outlay	102240	1200.00
Total		16300.00

Be it further resolved that the above appropriations shall be effective March 2, 1992.

The Town of Fromberg


James Cameron, Mayor


Julie Jones, Town Clerk

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

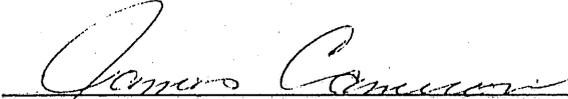
WHEREAS, towns may appropriate federal or state money received during the fiscal year by formal resolution,

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:

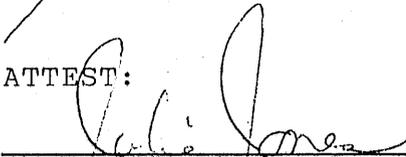
<u>EXPENDITURE CODE</u>	<u>ADMINISTRATIVE COSTS</u>	<u>ACTIVITY COSTS</u>
470		
210 110	\$ 1,200.00	
210 210	400.00	
210 310	500.00	
210 341	200.00	
220 330	2,100.00	
210 352	900.00	
210 354	1,000.00	
210 353	1,000.00	
210 370	300.00	
210 351	52,000.00	
270 361		\$295,000.00
280 350		11,000.00
270 360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

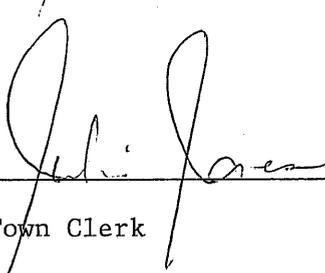
By James Cameron
James Cameron, Mayor

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

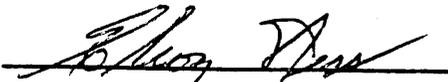
WHEREAS, the Hatch Act attempts to deter the political influence of public employees connected with federally funded programs; and

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

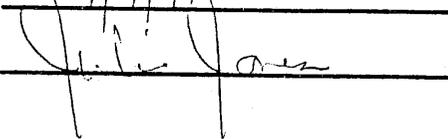
Title

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

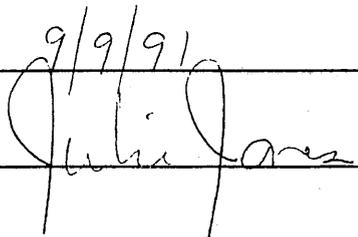
That **Elroy Ness, Mayor** is authorized to submit this application to the Montana Department of Commerce, on behalf of the Town of Fromberg, to act on behalf of the Town of Fromberg, and to provide such additional information as may be required.

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.

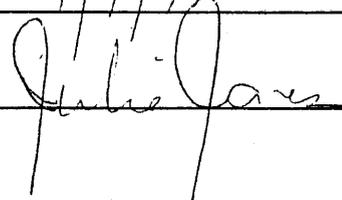
That contribution will include, but not be limited to, assisting with the demolition of severely substandard structures within the Town.

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

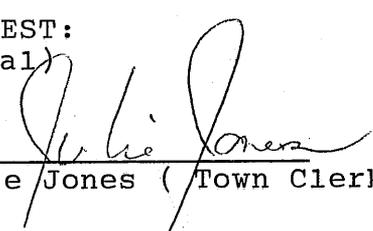
Making a total of 87 mills.

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

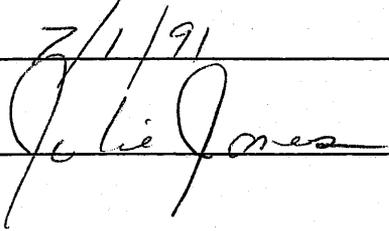
THAT Elroy Ness, Mayor of the Town of Fromberg is authorized to submit this application to the Montana Department of Commerce, on behalf of the Town of Fromberg, to act on behalf of the Town of Fromberg and to provide such additional information as may be required.

Signed: 

Name: Elroy Ness

Title: Mayor, Town of Fromberg

Date: 7/1/91

Attested: 

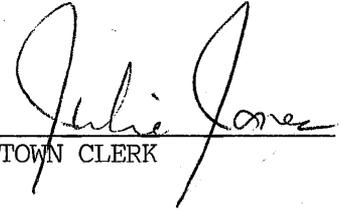
RESOLUTION NO 285

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.

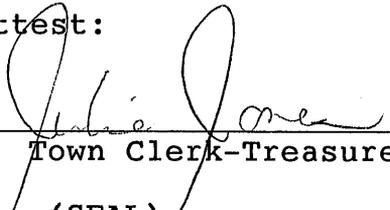
The Town may redeem on any installment payment date, in whole or part and if in part, in multiples of \$1,000, any unpaid principal at a price equal to the principal amount to be redeemed plus interest accrued to the date of redemption; provided that while this Bond is registered in the name of the United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

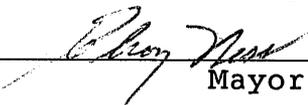
and interest respectively become due; that such rates, fees, tolls, rents and charges will from time to time be made and kept sufficient, subject to applicable law and regulation of the Public Service Commission of the State of Montana, to provide gross income and revenues adequate for prompt payment 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</u> <u>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