

RESOLUTION NO. 2015-1

A RESOLUTION OF THE FOUR CORNERS COUNTY WATER AND SEWER DISTRICT, GALLATIN COUNTY, MONTANA, SUBMITTING TO THE QUALIFIED ELECTORS OF THE DISTRICT THE QUESTION OF INCURRING BONDED INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED TWENTY-THREE MILLION AND NO/100 DOLLARS (\$23,000,000) FOR THE PURPOSE OF ACQUIRING CERTAIN PROPERTY AND IMPROVEMENTS OWNED BY UTILITY SOLUTIONS, LLC, CONSISTING OF WATER AND WASTEWATER PIPING, TREATMENT PLANTS, EQUIPMENT, LAND, EASEMENTS AND WATER RIGHTS PRESENTLY SERVING THE LANDS WITHIN THE DISTRICT AND ELK GROVE SUBDIVISION; FUNDING RESERVES AND COSTS ASSOCIATED WITH THE SALE, ISSUANCE AND SECURITY OF THE BONDS

RECITALS

WHEREAS, pursuant to Section 7-13-2321, Montana Code Annotated, whenever the board of directors of a county water or sewer district deems it necessary for the District to incur a bonded indebtedness, it shall by resolution so declare and state the purpose for which the debt is proposed to be incurred, the land within the district to be benefited thereby, the amount of the debt to be incurred, the maximum term the bonds proposed to be issued shall run before maturity, and the proposition to be submitted to the electors; and

WHEREAS, The Four Corners County Water and Sewer District, Montana (the "District") is a county water and sewer district, validly organized pursuant to Title 7, Chapter 13, Parts 21 and 22, M.C.A. and is located within the boundaries of Gallatin County, a political subdivision of the State of Montana (the "County"); and

WHEREAS, the District has provided water and sewer services to properties in the District pursuant to contracts for services with Utility Solutions, LLC ("Utility Solutions") since May 24, 2005; and

WHEREAS, Utility Solutions expressed an interest in selling certain real and personal property consisting of its wastewater system, including pipes, treatment plant and equipment (after certain upgrades have been completed by Utility Solutions), and its drinking water system, including pipes, treatment plant and equipment, and water rights together with easements and land, serving the District and Elk Grove Subdivision (collectively, the "Systems") to the District, and the Board preliminarily determined it would be in the best interests of the District to acquire the Systems, if an affordable price and other terms and conditions acceptable to the Board would be achieved; and

WHEREAS, the District and Utility Solutions have entered into a Buy-Sell Agreement, dated February 17, 2015, pursuant to which, among other things, the District has agreed to buy, and Utility Solutions has agreed to sell, the Systems for a purchase price of \$19,500,000 plus an estimated \$3,057,889 for yet to be completed wastewater treatment improvements, upon approval of the voters of the District and upon receipt of financing terms

from funding agencies acceptable to the Board; and

WHEREAS, the Board has determined that there should be submitted to the electors of the District qualified to vote at bond elections the question of whether the Board shall be authorized to issue and sell bonds of the District in an aggregate principal amount not to exceed Twenty-Three Million Dollars (\$23,000,000) consisting of approximately \$16,000,000 of special assessment bonds (“Special Assessment Bonds”) payable from an equal amount of special assessments levied annually against each lot or parcel of land in the District for a term of up to thirty (30) years and approximately \$7,000,000 of revenue bonds (“Revenue Bonds”) payable by rates and charges imposed by the District for a term of up to twenty (20) years for the purpose of acquiring the water and wastewater piping, treatment plants, equipment and associated land, easements and water rights of Utility Solutions, LLC presently serving the lands in the District and Elk Grove Subdivision, including approximately \$3,057,000 of wastewater improvements being constructed by Utility Solutions, LLC; funding reserves; and paying costs associated with the sale and issuance of the bonds (the “Project”); and

WHEREAS, the District has determined that assessing all of the costs of acquiring the Systems as well as the costs of operations and maintenance thereof among just the current users of the Systems would be prohibitive and the District could not afford to acquire the Systems on such basis; and

WHEREAS, the Board has determined that all of the property incorporated in the District can and will be served by the Systems, if not already served; and therefore, that all properties in the District are benefited by the availability of the Systems, and that it is fair and reasonable that each parcel or lot in the District be assessed special assessments to pay a portion of the costs of acquiring the Systems; and

WHEREAS, Sections 7-13-2280 through 2290, M.C.A. authorize the District to issue special assessment bonds of the District to acquire, construct or improve water and wastewater facilities upon certain conditions; and

WHEREAS, Section 7-13-2301, M.C.A. authorizes the District to charge a portion of the District’s rates and charges for the acquisition of, and construction of improvements to a water and wastewater system; and

WHEREAS, the Board has determined that it is in the best interest of the District that special assessment bonds in the estimated principal amount of \$16,000,000 be issued to finance a portion of the Project consisting of piping, land, easements, reserves and financing costs, which bonds will have a term of up to 30 years and will be payable from special assessments to be levied annually against each lot or parcel in the District in an equal amount pursuant to Section 7-13-2280 and 7-12-2151(d), M.C.A.; and

WHEREAS, the Board has determined it is in the best interest of the District that revenue bonds in the estimated principal amount of \$7,000,000 be issued to finance the portion of the Project consisting of treatment plants, equipment, water rights, land, easements, reserves and financing costs; and

WHEREAS, it is necessary to obtain financing from the funding agencies to submit to the

qualified electors of the District the question of whether the Board shall be authorized to issue bonds for the Project; and

WHEREAS, pursuant to Sections 7-13-2323 and 13-19-104, M.C.A., such election can be conducted by a mail ballot election; and

WHEREAS, the Board has determined that a mail ballot election conducted in accordance with the provisions of Title 13, Chapter 19, Parts 1-3, M.C.A. (the "Mail Ballot Act"), is in the best interests of the District and the electors thereof, and has notified the Gallatin County Election Administrator (the "County Election Administrator") of its intent to conduct a mail ballot election on May 5, 2015; and

WHEREAS, the District will work with the County Election Administrator to prepare a mail ballot election plan in accordance with the provisions of Section 13-19-205, M.C.A. (the "Mail Ballot Plan").

NOW, THEREFORE, BE IT RESOLVED By the Board of the District as follows:

1. Calling of the Election. The Board hereby approves, subject to a successful election, the acquisition of the Systems from Utility Solutions, and calls and directs a special election to be held in the District on May 5, 2015, to be conducted by mail ballot pursuant to the provisions of the Mail Ballot Act for the purpose of approving the funding of the Project through the sale and issuance of up to \$23,000,000 of the District's bonds, consisting of approximately \$16,000,000 of special assessment bonds with maturities of up to 30 years (the "Special Assessment Bonds") and approximately \$7,000,000 of revenue bonds (the "Revenue Bonds") with maturities of up to 20 years.

2. Benefited Land. All land within the District will be benefited by the Project.

3. Conduct of Election. All qualified electors of the District shall be entitled to vote at the bond election. For purposes of this election, the qualified electors include those registered electors owning or residing upon real property in the District, or in the case of real property in the District owned by a corporation, the president, vice president or secretary of the corporation. The Secretary of the District is hereby authorized and directed to give notice of the call and details of this election to the County Election Administrator. The County Election Administrator is requested to give notice of the close of registration and thereafter prepare printed lists of the qualified electors in the District entitled to vote in the election in the District and to conduct the election in the form and manner prescribed by law.

4. Notice of Election. The County Election Administrator is hereby authorized and requested to cause notice of the call and holding of the election to be given not less than once a week for three consecutive weeks prior to the election by publishing notice in the *Bozeman Daily Chronicle*, a newspaper of general circulation in Gallatin County. The notice of election as published shall read substantially as shown on Exhibit A hereto (which is incorporated by reference and made a part hereof).

5. Form of Ballot. The ballot shall be printed in substantially the following form:

THE FOUR CORNERS COUNTY WATER AND SEWER DISTRICT, MONTANA
MAIL BALLOT BOND ELECTION
May 5, 2015

INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words "BONDS — YES" if you wish to vote for the bond issue; if you are opposed to the bond issue, make an X or similar mark in the square before the words "BONDS — NO."

Shall the Board of Directors of The Four Corners County Water and Sewer District, Montana (the "District") be authorized to sell bonds of the District in an amount not to exceed Twenty-Three Million and No/100 Dollars (\$23,000,000), consisting of approximately \$16,000,000 of special assessment bonds ("Special Assessment Bonds") payable from an equal amount of special assessments levied annually against each lot or parcel of land in the District for a term of up to thirty (30) years and approximately \$7,000,000 of revenue bonds ("Revenue Bonds") payable by rates and charges imposed by the District for a term of up to twenty (20) years, for the purpose of acquiring the water and wastewater piping, treatment plants, equipment and associated land, easements and water rights of Utility Solutions, LLC presently serving the lands in the District and Elk Grove Subdivision, including approximately \$3,057,000 of wastewater improvements being constructed by Utility Solutions, LLC; funding reserves; and paying costs associated with the sale and issuance of the bonds (the "Project")?

The Project will benefit all properties in the District, the boundaries of which are on file in the office of the District and the office of the Gallatin County Clerk and Recorder. The Special Assessment Bonds shall be payable during a period of not more than thirty (30) years and the Revenue Bonds shall be payable during a period of not more than twenty (20) years at rates of interest acceptable to the Board of the District and the funding agencies.

- BONDS—YES
- BONDS — NO

Passed and approved this 23rd day of February, 2015.

Attest: *Susan Crowley*
Secretary - Acting

[Signature]
President

EXHIBIT A

NOTICE OF THE FOUR CORNERS COUNTY WATER AND SEWER DISTRICT

BOND ELECTION

NOTICE IS HEREBY GIVEN by the Board of Directors (the "Board") of The Four Corners County Water and Sewer District, Montana (the "District"), that pursuant to a certain resolution duly adopted at a regular meeting of the Board on February 23, 2015, which resolution is available for public inspection at the Office of the Election Administrator described below, a mail ballot election of the registered voters of the District will be held on May 5, 2015 for the purpose of voting on the question of whether the Board shall be authorized to issue bonds of the District in an amount not to exceed Twenty-Three Million and No/100 Dollars (\$23,000,000) consisting of approximately \$16,000,000 of special assessment bonds ("Special Assessment Bonds") payable from an equal amount of special assessments levied annually against each lot or parcel of land in the District for a term of up to thirty (30) years and approximately \$7,000,000 of revenue bonds ("Revenue Bonds") payable by rates and charges imposed by the District for a term of up to twenty (20) years; for the purpose of acquiring the water and wastewater piping, treatment plants, equipment and associated land, easements and water rights of Utility Solutions, LLC presently serving the lands in the District and Elk Grove Subdivision, including approximately \$3,057,000 of wastewater improvements being constructed by Utility Solutions, LLC; funding reserves; and paying costs associated with the sale and issuance of the bonds (the "Project").

The Project will benefit all properties in the District, the boundaries of which are on file in the office of the District and the office of the Gallatin County Clerk and Recorder. The Special Assessment Bonds shall be payable during a period of not more than thirty (30) years and the Revenue Bonds shall be payable during a period of not more than twenty (20) years at rates of interest acceptable to the Board and the funding agencies.

All of the property in the District will be benefited by the Project and the owners of such property in the District as well as all registered electors of the District shall be entitled to vote at the bond election. For purposes of this election, the qualified electors include those registered electors owning or residing upon real property in the District, or in the case of real property owned by a corporation located in the District, the president, vice president or secretary of the corporation.

A complete legal description of the property and a map of the District is on file at the Gallatin County Clerk and Recorder's office at 311 W. Main Street, Bozeman, Montana 59715-4576.

The election will be conducted solely by mail ballot. Ballots will be mailed to all eligible registered voters in the District on _____, and must be returned by each voter, to the County Election Administrator's Office by mail or in person to the Gallatin County Courthouse, 311 W. Main Street, Bozeman, Montana 59715-4576, during regular business hours (8:00 a.m. to 5:00 p.m.), weekdays, _____ through _____.

On Election Day, May 5, 2015, the only place for deposit of voted ballots will be the office of the County Election Administrator at Gallatin County Courthouse, 311 W. Main Street, Bozeman, Montana 59715-4576, which will be open from 8:00 a.m. to 8:00 p.m., and all ballots must be in that office by 8:00 p.m. in order to be counted. All ballots will be tallied in the office of the County Election Administrator after 8:00 p.m. on May 5, 2015.

A qualified voter who will be absent from the District during the time the election is being conducted may:

(a) vote in person in the office of the County Election Administrator as soon as the ballots are available and until noon on _____, 2015; or

(b) make a written request received prior to noon on _____, 2015, signed by the applicant and addressed to the office of the County Election Administrator, that the ballot be mailed to an address other than that which appears on the registration records. All ballots to be mailed will be mailed no later than _____, 2015.

An elector may obtain a replacement ballot if his ballot is destroyed, spoiled, lost, or not received by the elector by personally appearing at the office of the County Election Administrator and by:

(a) signing an affidavit form stating the reason for the request for replacement; and

(b) if the reason given for replacement is "spoiled ballot," by returning the spoiled ballot to the office of the County Election Administrator.

DATED this _____ day of _____, 2015.

County Election Administrator

Publication Dates: three times in 4 weeks immediately preceding the election