

Notice: These minutes are paraphrased and reflect the proceedings of the Board of Commissioners. MCA 7-4-2611(2) (b).

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### MONDAY, MAY 13, 2013

The Board of County Commissioners met in continued session at 8:00 o'clock A.M. Chairman Holmquist, Commissioner Scott and Krueger, and Clerk Robinson were present.

#### NO MEETINGS SCHEDULED

At 5:00 o'clock P.M., the Board continued the session until 8:00 o'clock A.M. on May 14, 2013.

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### TUESDAY, MAY 14, 2013

The Board of County Commissioners met in continued session at 8:00 o'clock A.M. Chairman Holmquist, Commissioner Scott and Krueger, and Clerk Robinson were present.

#### NO MEETINGS SCHEDULED

At 5:00 o'clock P.M., the Board continued the session until 8:00 o'clock A.M. on May 15, 2013.

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### WEDNESDAY, MAY 15, 2013

The Board of County Commissioners met in continued session at 8:00 o'clock A.M. Chairman Holmquist, Commissioner Scott and Krueger, and Clerk Robinson were present.

#### 11:00 a.m. County Attorney meeting @ Co. Atty's Office

At 5:00 o'clock P.M., the Board continued the session until 8:00 o'clock A.M. on May 16, 2013.

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### THURSDAY, MAY 16, 2013

The Board of County Commissioners met in continued session at 8:00 o'clock A.M. Chairman Holmquist, Commissioner Scott and Krueger, and Clerk Robinson were present.

#### Chairman Holmquist opened public comment on matters within the Commissions' Jurisdiction.

Present for Public Comment: r.b. and k.w.

r.b. at 800 South Main spoke about concerns regarding commissioner public minutes of April 30 posted to the county website. He explained the minutes contain the following error: *still under an asservation and affirmation*. The word separation was incorrect and should have instead been *asservation*. r.b. then spoke about a bond approved with a county seal. He noted he dropped off Floyd Huntington's bond, whereby he posted a \$10,000 bond in the county for him so any actions done are bonded and any fees incurred throughout what we have to go through here would be paid through the bond. There is another document that was attached regarding fees that I will give you later he said. He further spoke about minutes that did not include mention of a meeting when he walked in and handed Adele Krantz a copy of the cover page of the public administrator page of the website when he informed her that she was no longer administrator of his estate. He previously appointed her trustee of his estate with an SS61 that they all received with a 63 Armature printed on the back explaining how public employees are trustees. He also handed her other documents to be kept in the vault for safe keeping. He said he takes personal offense to what was not transcribed in the minutes, and asked if they knew the section and article of Montana's State Constitution about administration of justice that has to do with denying and delaying one justice. r.b. said he has been denied and delayed justice. He explained he asked for a spot on the commissioner's agenda today at 10:45 after seeing a cancellation of a meeting, which he was denied. What is bad is around 10:13 in the meeting on April 30, 2013, Treasurer Adele Krantz explained to the commission that she was keeping documents for him in her vault and was talking to the D.A. r.b. said she cannot talk to the D.A. about it, as it is none of his business; he would be trespassing on him, trespassing on a trust, as Adele Krantz is on a contract as you all are with me. He said if Mr. Corrigan wants to trespass on our contract, it is going to cost him a lot of money. If he wants to trespass on my trust it is called "executor de son tort". He explained you are administering my estate without my permission. r.b. said his wife will not come in here because of stress from this; his wife is his executor/delegate, and if anything happens to him she will be coming. He stated he is putting this on the record and needs to know somebody's error and omission insurance. Whoever the bar card holder is...I don't think Diana did this. He further explained a notary is a Deputy Clerk for the Secretary of State which is above all clerks. He said he and Floyd have been stammered and stomped with wheels thrown under their tires ever since he started this. r.b. asked Commissioner Scott to obtain case #DV11-1236B as he was informed Robert Allison had the case and then was told by Peg Allison the case was closed. He said there is no order by any judge to close that case, and if they would like to go ahead and close it he needs to know who the collateral endorser is that signed onto this. The case if it is closed.... then it is his property, and he asked Commissioner Scott to retrieve it so it is located in this building, before they destroy or damage his record.

**THURSDAY, MAY 16, 2013**  
**(Continued)**

Mike Sehestedt, MACo legal counsel was contacted he said, and after a very rude conversation with the head claims representative Keith he spoke to Mike who refused to give him his bar card number; that is a violation of terry rule. All public officials when you ask for their identification are required by law to produce their bar card number. He asked that someone contact MACo and get Mike Sehestedt's bar card number for him. He explained Mike Sehestedt directed Paula Robinson to correct oaths and go forward and he reported to him there are 16 oaths filed and 9 of them defective and now he won't touch it. On another matter, he spoke about Mr. Hayden's oath and said he has already marandized him so he can be arrested anytime they want. r.b. said Brad Johnson said in open court that he was Mr. Hayden's attorney. He said paralegals are being ignored. We can keep sticking our heads in the sand, but the farther this goes the worse it gets. He said he is correcting a record right now. Adele Krantz sat right here and you should have recorded what she said; she told you she was holding documents for him in her safe and was going to talk to the D.A. about them. r.b. said this is business interference and restraint of trade. He said the buck needs to stop right now, and whoever is doing this to him had better cease and desist right now, because I already have a call into Steve List with the FBI who will be getting this e-mail you all received in which no one responded to him. A non-response and a response in the negative can only be viewed as an act of bad faith. You guys take taxpayers money and we expect you to perform certain duties. r.b. explained the Bible tells him he is not supposed to go into that court. In Blackstone's Commentary ..... there are seven species of trial: what we are doing here is trial by record, trial by inspection or examination, trail by certificate, trial by witness, trial by wager of battle, trial by wager of law; trial by jury. We are setting the record, inspecting and examining it is certified and these are all the witnesses, I don't want to do wager of battle, the wager of law is the bond he sent down of Floyd Huntington and trial by jury is final. I don't want a trial by jury as we ought to be able to do it right in here. Otherwise, I will do as Blackstone's Commentary says....I can bring 11 men in here as witnesses (that is the equivalent of the disciples walking in here). We can either do this the easy way he said or the hard way, quietly or loud; I would rather do this quietly because I am contacting Steve List to tell him how to get ahold of the RCMP. This is so wrong and I am not getting any help from local law enforcement and everybody's trying to cover this up. This is business interference and restraint of trade, and I will not stand for it. He said he is allowed to forgive them under the "idiot clause" which he has been handing out a lot of forgiveness lately, and will keep handing it out to a point. We as the people of the county....I am trying to restore public order and safety here, I am trying to be a conservator of peace. I am not here to destroy the law, I am here to witness the fulfillment of it, I am not here to hurt anybody, I am trying to keep people from this point forward in the future from getting hurt. There is nothing we can do about the past he said, we can't go back so for all practical purposes it really didn't happen. From this point forward my full intent here is to protect the people of the State of Montana and they are not safe right now. The oath of office is an issue and messing with a public record this is really bad, and I will require the commission to make a motion to correct the record; the alternative is unthinkable. He said this is really eating up a lot of his time .... a private attorney general x-rail I have a relation to this issue ex-relation. I have a relation to this situation and I am allowed reasonable attorney fees. r.b. then presented his wife's birth certificate to Treasurer Adele Krantz to throw into the safe for him.

**No one else rising to speak, Chairman Holmquist closed the public comment period.**

Chairman Holmquist led the Pledge of Allegiance.

**BUDGET REVIEW: TREASURER'S OFFICE**

**10:18:36 AM**

Present: Chairman Pamela J. Holmquist, Commissioner Calvin L. Scott, Commissioner Gary D. Krueger, Assistant Mike Pence, Finance Director Sandy Carlson, Finance Technicians Amy Dexter and Tamara Helmstetler, Treasurer Adele Krantz, Clerk Kile

Krantz briefly reviewed the workload indicators and preliminary budget for the Treasurer's Office, and reported a piece of equipment may be purchased this next year out of the CIP.

**BUDGET REVIEW: OES**

**10:30:40 AM**

Present: Chairman Pamela J. Holmquist, Commissioner Calvin L. Scott, Commissioner Gary D. Krueger, Assistant Mike Pence, Finance Director Sandy Carlson, Finance Technicians Amy Dexter and Tamara Helmstetler, Deputy OES Director Cindy Mullaney, OES Office Administrator Juanita Nelson, FECC Manager Michelene Provo, Interim FECC Manager Terah Young, EMS Manager Mary Granger, Fire Services Area Manager Lincoln Chute, Clerk Kile

Staff reviewed budget's for the 911 Center, OES, EMS and Fire Services. CIP transfers were reviewed.

**DOCUMENT FOR SIGNATURE: CHARTIS CYBER COVERAGE ANNUAL RENEWAL**

**10:45:48 AM**

Present: Chairman Pamela J. Holmquist, Commissioner Calvin L. Scott, Commissioner Gary D. Krueger, Assistant Mike Pence, I. T. Director Vicki Saxby, Clerk Kile

Commissioner Scott made a **motion** to approve the document for signature/ Chartis Cyber Coverage renewal. Commissioner Krueger **seconded** the motion. **Aye** - Holmquist, Scott and Krueger. Motion carried unanimously.

**AUTHORIZE ATTORNEY GENERAL TO PROSECUTE STATE OF MONTANA V. KENNETH R. PARK**

**10:46:29 AM**

Present: Chairman Pamela J. Holmquist, Commissioner Calvin L. Scott, Commissioner Gary D. Krueger, Assistant Mike Pence, County Attorney Office Manager Vicki Eggum, Clerk Kile

Commissioner Scott made a **motion** to authorize the Attorney General to act as special counsel in State of Montana v. Kenneth R. Park. Commissioner Krueger **seconded** the motion. **Aye** - Holmquist, Scott and Krueger. Motion carried unanimously.

**THURSDAY, MAY 16, 2013**  
**(Continued)**

**MEETING W/ KIM CROWLEY, LIBRARY RE: INSURANCE/ CITY OF KALISPELL**

**10:47:08 AM**

Present: Chairman Pamela J. Holmquist, Commissioner Calvin L. Scott, Commissioner Gary D. Krueger, Assistant Mike Pence, Library Director Kim Crowley, Clerk Kile

Commissioner Krueger made a **motion** to name the city as additionally insured for the library event. Commissioner Scott **seconded** the motion. **Aye** - Holmquist, Scott and Krueger. Motion carried unanimously.

**AUTHORIZATION TO PUBLISH CALL FOR BIDS: 2013 CRACK SEAL PROJECT/ ROAD DEPT.**

**10:48:42 AM**

Present: Chairman Pamela J. Holmquist, Commissioner Calvin L. Scott, Commissioner Gary D. Krueger, Assistant Mike Pence, Public Works Director Dave Prunty, Clerk Kile

Commissioner Scott made a **motion** to authorize publication of Call for Bids/2013 Crack Sealing Project. Commissioner Krueger **seconded** the motion. **Aye** - Holmquist, Scott and Krueger. Motion carried unanimously.

**INVITATION TO BID**

Notice is hereby given that the Board of County Commissioners of Flathead County, Montana, will receive sealed bids for:

**2013 Crack Seal Project**

All sealed bids, **plainly marked** "**SEALED BID – 2013 CRACK SEAL PROJECT**" must be in the hands of the County Clerk and Recorder, 800 South Main, Room 302, Kalispell, MT, 59901, on or before **9:00 a.m., local time, June 5, 2013**. Bids will be **opened and read immediately thereafter**, in the Commissioner's Office at the County Courthouse and taken under consideration.

The project consists of placing crack sealing throughout the Flathead County Roadway System.

Various roadways will be receiving crack sealing improvements in Flathead County, and the Contractor should be prepared to mobilize equipment on a daily basis.

All Bids must be in accordance with the Contract Documents on file with the Flathead County Road & Bridge Department, 1249 Willow Glen Drive, Kalispell, Montana, (406) 758-5790.

Copies of the Contract Documents for use in preparing Bids may be obtained from Flathead County Road Department at the address stipulated above upon receipt of a non-refundable deposit of \$50.00 for each set of documents including drawings.

A prebid conference will be held at the office of **Flathead County Road Department**, commencing at **11:00 a.m., Thursday, May 30, 2013**. Those interested in bidding the project are encouraged to attend this meeting.

Bids will be received on a price basis as described in the Contract Documents. Bid security in the amount of 10 percent of the total Bid must accompany each Bid.

Within 10 calendar days after the Notice of Award, the successful Bidder will be required to furnish a Performance Bond and a Labor and Materials Payment Bond guaranteeing faithful performance and the payment of all bills and obligations arising from the performance of the contract. The bonds will each be equal to 100 percent of the contract amount.

Work at the site is to commence within 10 calendar days after the written Notice to Proceed is issued. Completion of the work is required within **Fourteen (14) consecutive calendar days** following commencement of work and must be completed by July 27, 2013. The project includes liquidated damages that will be assessed as set forth in the Special Provisions per calendar day if the work is not complete within the allotted contract time.

Each bidder will be required to be registered with the State of Montana, Department of Labor and Industry prior to bidding this project. Forms for registration are available from the Department of Labor and Industry, P.O. Box 8011, 1805 Prospect, Helena, Montana 59604-8011. Information on registration can be obtained by calling 1-406-444-7734. All laborers and mechanics employed by Contractor or subcontractor in performance of the construction work shall be paid prevailing wages at rates as may be required by the laws of Flathead (County) and the state of Montana.

Flathead County will withhold a 1% gross receipts tax to be forwarded to the State of Montana. Bids must include a Special Fuel Users Permit Number.

No Bid may be withdrawn within a period of 60 days after the date for opening bids.

**Flathead County** reserves the right to reject all Bids, to waive informalities, and to reject nonconforming, irregular, non-responsive or conditional Bids.

**Flathead County** is an Equal Opportunity Employer.

DATED this 16<sup>th</sup> day of May, 2013.

BOARD OF COUNTY COMMISSIONERS  
Flathead County, Montana

ATTEST:  
Paula Robinson, Clerk

By/s/Pamela J. Holmquist  
Pamela J. Holmquist, Chairman

By/s/Diana Kile  
Diana Kile, Deputy

Publish May 21 and May 28, 2013.

**THURSDAY, MAY 16, 2013**  
**(Continued)**

**DOCUMENT FOR SIGNATURE: DPHHS CONTRACT #360274.02**

**11:00:08 AM**

Present: Chairman Pamela J. Holmquist, Commissioner Calvin L. Scott, Commissioner Gary D. Krueger, Assistant Mike Pence, Health Dept. Director Joe Russell, Clerk Kile

Commissioner Krueger made a **motion** to approve DPHHS Contract #360274.02. Commissioner Scott **seconded** the motion. **Aye** - Holmquist, Scott and Krueger. Motion carried unanimously.

**BUDGET REVIEW: HEALTH DEPT.**

**11:00:55 AM**

Present: Chairman Pamela J. Holmquist, Commissioner Calvin L. Scott, Commissioner Gary D. Krueger, Assistant Mike Pence, Finance Director Sandy Carlson, Finance Technicians Amy Dexter and Tamara Helmstetler, Health Dept. Director Joe Russell, Clerk Kile

Russell summarized the preliminary budgets for various Health Department programs and spoke about a request to hire a Deputy Health Officer that is included in their budget, and another side bar of hiring a part time dentist, doctor and support position.

**OPEN BID & AWARD BID: SALE OF BONDS/RSID #154 (LITTLE MOUNTAIN PROPERTIES)**

**11:30:36 AM**

Present: Chairman Pamela J. Holmquist, Commissioner Calvin L. Scott, Commissioner Gary D. Krueger, Assistant Mike Pence, Deputy County Attorney Tara Fugina, Clerk Kile

Bid received with bid bond enclosed from Frank Stock for RSID #154 at 3.95 percent at par from Bitterroot Valley Bank for \$137,800.

Fugina explained to the commission that if it was their wish to award the bid to Bitterroot Valley Bank they would need to adopt Resolution 2341C.

Commissioner Scott made a **motion** to award the bid for the sale of bonds for RSID #154 to Bitterroot Valley Bank and to adopt Resolution 2341C. Commissioner Krueger **seconded** the motion. **Aye** - Holmquist, Scott and Krueger. Motion carried unanimously.

RESOLUTION NO. 2341C

RESOLUTION RELATING TO \$137,800.00 RURAL SPECIAL IMPROVEMENT DISTRICT BONDS (RURAL SPECIAL IMPROVEMENT DISTRICT NO. 154); AWARDING THE SALE THEREOF AND APPROVING CERTAIN MATTERS WITH RESPECT THERETO

BE IT RESOLVED by the Board of Commissioners (the "Board") of Flathead County, Montana (the "County"), as follows:

1. This Board on April 30, 2013, adopted Resolution No. 2341B providing for the public sale of \$137,800.00 Rural Special Improvement District Bonds (Rural Special Improvement District No. 154) (the "Bonds") to finance the costs of certain local improvements to be undertaken in or for the benefit of Rural Special Improvement District No. 154. Notice of the sale has been duly published in accordance with Montana Code Annotated, Sections 7-12-2172, 7-7-4252 and 17-5-106. Pursuant to the notice of sale, one sealed bid for the purchase of the Bonds was received at or before the time specified for receipt of bids. The bid has been opened and publicly read and considered, and the purchase price, interest rates and true interest cost under the terms of each bid have been determined.
2. The bid of Bitterroot Valley Bank, of Lolo, Montana, (the "Purchaser"), attached as Exhibit A, to purchase the Bonds of the County, is hereby determined to comply with the notice of sale, and to be the lowest, most reasonable bid for the purchase of the Bonds. The bid of the Purchaser is hereby accepted by the Board and the sale of the Bonds is hereby awarded to the Purchaser. The bid security of the Purchaser shall be retained pending delivery of the payment for the Bonds and the bid security of all other bidders shall be promptly returned.
3. The Chair and the County Clerk and Recorder are hereby authorized and directed to execute on behalf of the County a contract for the sale of the Bonds with the Purchaser.
4. This Board shall prescribe the form and security for the Bonds in a subsequent resolution.

PASSED AND ADOPTED by the Board of County Commissioners of Flathead County, Montana, this 16<sup>th</sup> day of May, 2013.

BOARD OF COUNTY COMMISSIONERS  
Flathead County, Montana

By/s/Pamela J. Holmquist  
Pamela J. Holmquist, Chairman

By/s/Calvin L. Scott  
Calvin L. Scott, Member

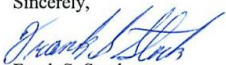
By/s/Gary D. Krueger  
Gary Krueger, Member

ATTEST:  
Paula Robinson, Clerk

By/s/Diana Kile  
Diana Kile, Deputy

**THURSDAY, MAY 16, 2013  
(Continued)**

<p>County Commissioners Flathead County Flathead County Court House 800 South Main Street Kalispell, MT 59902</p> <p>Dear Commissioners,</p> <p>This letter is written to submit a bid for the \$137,800.00 Rural Special Improvement Bonds for District No. 154, Little Mountain Properties. The Bitterroot Valley Bank is willing to purchase the bonds at a yield of 3.95% at par. Enclosed is a bid check for \$2,756.00 as required in Notice of Bond Sale.</p> <p>If the bank is the successful bidder, settlement for the bonds should be worked out with Haley Pitcher of Bitterroot Valley Bank, PO Box 9, Lolo, MT 59847-0009, Phone 406-273-2400. Haley's cell phone is 406-529-3949.</p> <p>If the bank is not the successful bidder please return the bid check to Haley Pitcher at the bank and it would be appreciated if you would send a note naming the successful bidder and the rate.</p> <p>I would also appreciate receiving a note on the results of the sale. Enclosed is an address stamped envelope for this purpose.</p> <p>Thank you for letting the bank bid on this bond sale.</p>	<p>Frank S. Stock PO Box 1001 Polson, MT 59860 May 6, 2013</p>
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Sincerely,  
  
Frank S. Stock  
Agent for Bitterroot Valley Bank

**CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE**

I, the undersigned, being the duly qualified and acting recording officer of Flathead County, Montana (the "County"), hereby certify that the attached resolution is a true copy of a Resolution, entitled: "RESOLUTION RELATING TO \$137,800.00 RURAL SPECIAL IMPROVEMENT DISTRICT BONDS (RURAL SPECIAL IMPROVEMENT DISTRICT NO. 154); AWARDED THE SALE THEREOF AND APPROVING CERTAIN MATTERS WITH RESPECT THERETO" (the "Resolution"), on file in the original records of the County in my legal custody; that the Resolution was duly adopted by the Board of County Commissioners of the County at a regular meeting on May 16, 2013, and that the meeting was duly held by the Board of County Commissioners and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Commissioners voted in favor thereof: **Chairman Holmquist, Commissioner Scott and Commissioner Krueger**; voted against the same: \_\_\_\_\_; abstained from voting thereon: \_\_\_\_\_; or were absent: \_\_\_\_\_.

WITNESS my hand officially this 16<sup>th</sup> day of May, 2013.

Flathead County Clerk and Recorder  
Paula Robinson,



By/s/Diana Kile  
Deputy

Fugina asked the commission to consider Resolution 2341D also, which would issue the bonds.

Commissioner Krueger made a **motion** to approve Resolution 2341D. Commissioner Scott **seconded** the motion. **Aye -** Holmquist, Scott and Krueger. Motion carried unanimously.

Commissioner Krueger made a **motion** to authorize Chairman Holmquist to sign Resolution 2341D. Commissioner Scott **seconded** the motion. **Aye -** Holmquist, Scott and Krueger. Motion carried unanimously.

**RESOLUTION NO. 2341D**

RESOLUTION RELATING TO \$137,800.00 RURAL SPECIAL IMPROVEMENT DISTRICT BONDS  
(RURAL SPECIAL IMPROVEMENT DISTRICT NO. 154); FIXING THE FORM AND DETAILS AND  
PROVIDING FOR THE EXECUTION AND DELIVERY THEREOF AND SECURITY THEREFOR

BE IT RESOLVED by the Board of County Commissioners (the "Board") of Flathead County, Montana (the "County"), as follows:

Section 1. Recitals. It is hereby found, determined and declared as follows:

1.01. Resolution of Intention. This Board adopted Resolution No. 2341 (the "Resolution of Intention"), pursuant to which it declared its intention to create a rural special improvement district, designated as Rural Special Improvement District No. 154 of the County (the "District"), under Montana Code Annotated, Title 7, Chapter 12, Part 21, as amended (the "Act"), for the purpose of financing a portion of the costs of certain improvements described therein (the "Improvements") and paying costs incidental thereto, including costs associated with the sale and the security of rural special improvement district bonds drawn on the District (the "Bonds"), the creation and administration of the District, and the funding of a deposit to the County's Rural Special Improvement District Revolving Fund (the "Revolving Fund").

**THURSDAY, MAY 16, 2013  
(Continued)**

1.02. Creation of District. After published notice and a public hearing on Resolution No. 2341, and finding it in the best interest of the County, the Board determined to create Rural Special Improvement District No. 154 (the "District") by the adoption of Resolution No. 2341A on November 8, 2012, and order the Improvements on the terms and conditions thereafter prescribed, for the purpose of financing costs of the Improvements and paying costs incidental thereto, including costs associated with the sale and the security of rural special improvement district bonds of the County drawn on the District (the "Bonds"), the creation and administration of the District, and the funding of a deposit to the County's Rural Special Improvement District Revolving Fund (the "Revolving Fund"). The total estimated costs of the Improvements, including such incidental costs, to be financed by the Bonds are \$137,800.00. The Bonds are to be payable primarily from special assessments to be levied against property in the District, which property will be specially benefitted by the Improvements in an amount not less than \$137,800.00.

1.03. Construction Contract. Plans, specifications, maps, profiles and surveys for construction of the Improvements were prepared by the engineers acting for the County, and were thereupon examined and approved by this Board. Advertisements for bids for construction of the Improvements to the District were published in the official newspapers of the County in accordance with the provisions of Montana Code Annotated, Section 7-12-2132, after which the bids theretofore received were opened and examined. After referring the bids to the engineers for the County it was determined that the lowest regular proposals for the furnishing of all work and materials required for constructing the Improvements to the District in accordance with the approved plans and specifications were the following:

Work	Bidder	RSID Cost
Asphalt on top of a gravel sub-base on roads of Little Mountain Subdivision; Improvements to drainage and Approaches	Knife River	\$137,800.00

A Contract for the construction of the Improvements to District will be awarded to said bidder, and upon the issuance of the Bonds, the County and the successful bidder will enter into a written contract for construction of the Improvements to the District upon the bidders having executed and filed bonds satisfactory to this Board and in the form and manner provided by Montana Code Annotated, Title 18, Chapter 2, Part 2.

1.04. Costs. It is currently estimated that the costs and expenses connected with and incidental to the formation of the District to the County to be assessed against properties in the District, including costs of preparation of plans, specifications, maps, profiles, engineering superintendence and inspection, preparation of assessment rolls, expenses of making the assessments, the cost of work and materials and all other costs and expenses, including the deposit of proceeds in the Revolving Fund are \$137,800.00. Such amount will be levied and assessed upon the assessable property within the District on the basis described in the Resolution of Intention. This Board has jurisdiction and is required by law to levy and assess such amounts, to collect such special assessments and credit the same to the rural special improvement district account created for the District, which account is to be maintained on the official books and records of the County separate from all other County funds, within the Rural Special Improvement District No. 154 Sinking Fund (the "Sinking Fund") for the payment of principal and interest when due on the bonds herein authorized.

1.05. Sale and Issuance of Bonds. For the purpose of financing the costs and expenses of making the Improvements, which are to be assessed against the property within the District as provided in the Resolution of Intention, pursuant to Resolution No. 2341B, adopted April 30, 2013, this Board determined that the issuance and sale of bonds was in the best interests of the County and the District.

Advertisements for bids for the purchase of the Bonds were published in accordance with the provisions of Montana Code Annotated, Sections 7-12-2172, 7-7-4252 and 17-5-106. Pursuant to Resolution No. 2341C, adopted on May 16, 2013, this Board authorized the County to enter into a contract with Bitterroot Valley Bank, of Lolo, Montana (the "Purchaser"), as the lowest responsible bidder pursuant to which the Purchaser agreed to purchase from the County the Bonds at a purchase price of \$137,800.00, at the rate of interest of 3.95% per annum.

1.07. Recitals. All acts, conditions and things required by the Constitution and laws of the State of Montana, including Montana Code Annotated, Title 7, Chapter 12, Part 21, as amended, in order to make the Bonds valid and binding special obligations in accordance with their terms and in accordance with the terms of this resolution have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required.

**Section 2. The Bonds.**

2.01. Principal Amount, Maturities, Denominations, Date, Interest Rates. For the purpose of paying the costs and expenses incurred in construction of the Improvements, and in anticipation of the collection of special assessments to be levied therefor, and in accordance with the proposal described in Section 1.06, the County shall forthwith issue and deliver to the Purchaser the Bonds payable solely from the Sinking Fund and denominated "Rural Special Improvement District Bonds (Rural Special Improvement District No. 154)." The Bonds shall be dated, as originally issued and be registered, as of May 16, 2013; shall each be in the denomination of \$10,000 or \$10,800 or \$9,000; shall mature on July 1 in the years and principal amounts set forth below; and Bonds maturing in such years and principal amounts shall bear interest from the date of original issuance until paid or duly called for redemption at the rate of 3.95% per annum:

Year	Amount	Year	Amount
2014	\$10,000	2022	\$9,000
2015	10,800	2023	9,000
2016	9,000	2024	9,000
2017	9,000	2025	9,000
2018	9,000	2026	9,000
2019	9,000	2027	9,000
2020	9,000	2028	9,000
2021	9,000		

Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

2.02. Interest Payment Dates. Interest on the Bonds shall be payable on each January 1 and July 1, commencing January 1, 2014, to the owners of record thereof as such appear on the bond registrar at the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day. Upon the original delivery of the Bonds to the Purchaser and upon each subsequent transfer or exchange of a Bond pursuant to Section 2.04, the Registrar shall date each Bond as of the date of its authentication.

**THURSDAY, MAY 16, 2013**  
**(Continued)**

2.03. Method of Payment. The Bonds shall be issued in certificate form. The interest on and, upon surrender thereof at the operations center of the Registrar (as hereinafter defined), the principal of each Bond, shall be payable by check or draft drawn on the Registrar.

2.04. Registration. The County hereby appoints the Clerk and Recorder to act as registrar, transfer agent and paying agent (the "Registrar"). The County reserves the right to appoint a bank, trust company or financial institution as successor bond registrar, transfer agent or paying agent, as authorized by the Model Public Obligations Registration Act of Montana, Montana Code Annotated, Title 17, Chapter 5, Part 11, as amended (the "Registration Act"), but the County agrees to pay the reasonable and customary charges of the Registrar for the services performed. This Section 2.04 shall establish a system of registration for the Bonds as defined in the Registration Act.

The effect of registration and the rights and duties of the County and the Registrar with respect thereto shall be as follows:

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

(b) Transfer. Upon surrender to the Registrar 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 a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer of any Bond or portion thereof selected or called for redemption. No transfer or exchange of a Bond shall affect its order of registration for purposes of redemption pursuant to Section 2.05.

(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 a like aggregate principal amount, interest rate and maturity, as requested by the registered owner or the owner's attorney duly authorized in writing.

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

(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 valid and genuine and that the requested 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 County 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 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 County upon such Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer of Bonds or exchange of Bonds (except an exchange 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 destroyed, stolen or lost, the Registrar shall deliver a new Bond 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 destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that such Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the County and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the County. If the mutilated, destroyed, stolen or lost 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.

2.05. Redemption.

(a) Mandatory Redemption. If on any interest payment date there will be a balance in the Sinking Fund after payment of the principal and interest due on all Bonds drawn against it, either from the prepayment of special assessments levied in the District or from the transfer of surplus money from the Construction Subaccounts to the Principal Subaccounts as provided in Section 3.02 or otherwise, the County Clerk and Recorder shall call for redemption on the interest payment date outstanding Bonds, or portions thereof, in an amount which, together with the interest thereon to the interest payment date, will equal the amount of such funds on deposit in the Sinking Fund on that date. The redemption price shall equal the amount of the principal amount of the Bonds to be redeemed plus interest accrued to the date of redemption.

(b) Optional Redemption. The Bonds maturing on and after July 1, 2019, are subject to redemption, in whole or in part, at the option of the County from sources of funds available therefor other than those described under "Mandatory Redemption" on July 1, 2018, and any date thereafter from the proceeds of refunding rural special improvement district bonds or warrants. The redemption price shall equal the principal amount of the Bonds to be redeemed plus interest accrued to the date of redemption, without premium.

(c) Selection of Bonds for Redemption; Partial Redemption. If less than all of the Bonds are to be redeemed, Bonds shall be redeemed in order of the stated maturities thereof. If less than all Bonds of a stated maturity are to be redeemed, the Bonds of such maturity shall be selected for redemption in \$1,000.00 principal amounts (except that one bond maturing in 2015 will be in the principal amount of \$10,800.00) selected by the Registrar by lot or other manner it deems fair. Upon partial redemption of a Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount thereof outstanding.



**THURSDAY, MAY 16, 2013**  
**(Continued)**

(d) Notice and Effect of Redemption. The date of redemption and the principal amount of the Bonds shall be fixed by the County Treasurer, who shall give notice thereof to the Registrar in sufficient time for the Registrar to give notice, by first class mail, postage prepaid, or by other means required by the securities depository, to the owner or owners of such Bonds at their addresses appearing in the bond register, of the numbers of the Bonds or portions thereof to be redeemed and the date on which payment will be made, which date shall be not less than thirty (30) days after the date of mailing notice. On the date so fixed interest on the Bonds or portions thereof so redeemed shall cease.

(e) Notification to the Paying Agent. Upon request by the County under the above sections 2.05(a) and 2.05(b), the Registrar shall give notice of redemption as directed provided that the County has given the Registrar such request at least 45 days prior to the redemption date.

2.06. Form. The Bonds shall be drawn in substantially the form set forth in Exhibit A hereto, and by this reference made a part hereof, with such modifications as are permitted by the Act.

2.07. Execution, Registration and Delivery. The Bonds shall be prepared under the direction of the County Clerk and Recorder and shall be executed on behalf of the County by the signatures of the Chair of the Board of County Commissioners, the County Clerk and Recorder and the County Treasurer and sealed with the official seal of the County; provided that the signatures and the corporate seal may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this resolution unless 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 different Bonds 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. The Bonds shall be registered in order of their serial numbers by the Registrar, as attested by the Certificate of Authentication, as of the date of delivery of the Bonds. When the Bonds have been so executed, authenticated and registered, they shall be delivered by the Registrar to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed. The Purchaser shall not be obligated to see to the application of the purchase price, but from the proceeds of the Bonds the County Clerk and Recorder shall credit forthwith \$2,756.00 to the Revolving Fund, as required by Section 7-12-4169(2) of the Act; and the balance of such proceeds to the Construction Subaccount in the District Account, to be used solely for the purposes described in Section 3.02.

2.08. Issuance of the Bonds.

(a) The Bonds shall be initially issued in certificate form, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the Bond register in the name of Bitterroot Valley Bank, of Lolo, Montana. The Registrar and the County may treat Bitterroot Valley Bank, of Lolo, Montana as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this Resolution, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Registrar nor the County shall be affected by any notice to the contrary. Neither the Registrar nor the County shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Bonds under or through any Participant, or any other Person which is not shown on the Bond register as being a registered owner of any Bonds, with respect to the payment of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this Resolution, with respect to the selection of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken the Registrar of the Bonds. So long as any Bond is registered in the name of Bitterroot Valley Bank, of Lolo, Montana, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Bitterroot Valley Bank, of Lolo, Montana, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No Person other than Bitterroot Valley Bank, of Lolo, Montana shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the County to make payments of principal and interest.

In the event that any transfer or exchange of Bonds is permitted under paragraph 2.04 (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution.

Section 3. Sinking Fund; Assessments.

3.01. Sinking Fund. There is hereby created and established the Sinking Fund designated as the "Rural Special Improvement District Sinking Fund" which shall be maintained by the County Clerk and Recorder in the books and records of the County separate and apart from all other funds of the County. Within the Sinking Fund there shall be maintained separate accounts for the District, designated accordingly (collectively, the "District Account"). Within the District Account there shall be maintained three separate subaccounts, designated as the "Construction Subaccount," "Principal Subaccount," "Interest Subaccount."

3.02. Construction Subaccount. There shall be credited to the Construction Subaccount in the District Account the proceeds of the sale of the Bonds as provided in Section 2.07. Any earnings on investment of money in a Construction Subaccount shall be retained therein. All costs and expenses of constructing the Improvements to be paid from proceeds of the Bonds in and for the benefit of a District shall be paid from time to time as incurred and allowed from the Construction Subaccount in the respective District Account in accordance with the provisions of applicable law, and money in the Construction Subaccount shall be used for no other purpose, except payment of costs of issuance and administration of the District; provided that upon completion of the Improvements in or for the benefit of a District and after all claims and expenses with respect to such Improvements and costs of issuance and District administration have been fully paid and satisfied, any money remaining in said Construction Subaccount shall be transferred to the Principal Subaccount and used to redeem Bonds as provided in Section 3.03.



**THURSDAY, MAY 16, 2013**  
**(Continued)**

3.03. Principal Subaccounts and Interest Subaccounts. Money in the Principal Subaccount and the Interest Subaccount shall be used only for payment of the principal of and interest on the Bonds as such payments become due or to redeem Bonds. From the proceeds of the Bonds, there shall be deposited in the Interest Subaccount any interest on the Bonds accrued to the date of their delivery, pro rata, in proportion to the principal amount of Bonds issued for such District as set forth in Section 1.06.

Upon collection of the installment of principal and interest due on November 30 and May 31 of each fiscal year on the special assessments to be levied with respect to the Improvements in the District, the County Clerk and Recorder shall credit to the Interest Subaccount in the respective District Account so much of said special assessments as is collected as interest payment and the balance thereof to the respective Principal Subaccount. Any installment of any special assessment paid prior to its due date with interest accrued thereon to the next succeeding interest payment date shall be credited with respect to principal and interest payments in the same manner as other assessments are credited to the District Accounts. All money in the Interest Subaccount and the Principal Subaccount shall be used first to pay interest due, and any remaining money shall be used to pay Bonds then due and, if money is available, to redeem Bonds in accordance with Section 2.05; provided that any money transferred to a Principal Subaccount from the Construction Subaccount pursuant to Section 3.02 shall be applied to redeem Bonds to the extent possible on the next interest payment date for which notice of redemption may properly be given pursuant to Section 2.05. Redemption of Bonds shall be as provided in Section 2.05, and interest shall be paid as accrued thereon to the date of redemption, in accordance with the provisions of Section 7-12-2 174 of the Act.

3.04. Loans from Revolving Fund. The Board shall annually or more often if necessary issue an order authorizing a loan or advance from the Rural Special Improvement District Revolving Fund of the County (the "Revolving Fund") to the District Account in an amount sufficient to make good any deficiency then existing in the Interest Subaccount, and shall issue an order authorizing a loan or advance from the Revolving Fund to the District Account in an amount sufficient to make good any deficiency then existing in the Principal Subaccount, in such order and in each case to the extent that money is available in the Revolving Fund. A deficiency shall be deemed to exist in a Principal Subaccount or an Interest Subaccount in a District Account if the money on deposit therein on any June 15 or December 15 (excluding amounts in the Principal Subaccount representing prepaid special assessments) is less than the amount necessary to pay Bonds due (other than upon redemption), and interest on all Bonds payable, on the next succeeding interest payment date.

Pursuant to a Resolution adopted on May 11, 1984, the County has undertaken and agreed to provide funds for the Revolving Fund by levying such tax or making such loan from the General Fund as authorized by Montana Code Annotated, Section 7-12-2182. In the event that the balance on hand in the Revolving Fund fifteen days prior to any date when interest is due on special improvement district bonds or warrants of the County is not sufficient to make good all deficiencies then existing in the special improvement district funds for which the County has covenanted to make loans from the Revolving Fund, the balance on hand in the Revolving Fund shall be allocated to the funds of the special improvement District in which such deficiencies then exist in proportion to the amounts of the deficiencies on the respective dates of receipt of such money, until all interest accrued on such special improvement district bonds or warrants of the County has been paid. On any date when all accrued interest on special improvement district bonds and warrants of the County payable from funds for which the County has covenanted to make loans from the Revolving Fund has been paid, any balance remaining in the Revolving Fund shall be lent or advanced to the special improvement district funds for payment and redemption of bonds to the extent the special improvement district funds are deficient for such purpose, and, if money in the Revolving Fund is insufficient therefor, pro rata, in an amount proportionate to the amount of such deficiency.

The County hereby determines, covenants and agrees to levy the property tax described in the immediately preceding paragraph to provide funds for the Revolving Fund so long as any Bonds are outstanding to the extent required under the provisions of this Resolution and the Act, even though such property tax levy may, under applicable law, require that property tax levies of the County for other purposes be reduced correspondingly. Thus, while any property tax levy to be made by the County to provide funds for the Revolving Fund is subject to levy limits under current law, the County agrees to levy property taxes to provide funds for the Revolving Fund to the extent described in this paragraph and, if necessary, to reduce other property tax levies correspondingly to meet applicable levy limits.

Section 4. Covenants. The County covenants and agrees with the owners from time to time of each of the Bonds that until all the Bonds and interest thereon are fully paid:

4.01. Compliance with Resolution. The County will hold the Sinking Fund and the Revolving Fund as trust funds, separate and apart from all of its other funds, and the County, its officers and agents, will comply with all covenants and agreements contained in this resolution. The provisions hereinabove made with respect to the Sinking Fund and the Revolving Fund are in accordance with the undertaking and agreement of the County made in connection with the public offering of the Bonds and the sale of the Bonds as set forth in Section 1.06.

4.02. Construction of Improvements. The County will do all acts and things necessary to enforce the provisions of the construction contracts and bonds referred to in Section 1.04 and to ensure the completion of the Improvements for the benefit of the District in accordance with the plans and specifications and within the time therein provided, and will pay all costs thereof promptly as incurred and allowed, out of the District Accounts and within the amount of the proceeds of the Bonds appropriated thereto.

4.03. Levy of Assessments. The County will do all acts and things necessary for the final and valid levy of special assessments upon all assessable real property within the boundaries of the District in accordance with the Constitution and laws of the State of Montana and the Constitution of the United States in an aggregate principal amount not less than \$137,800.00.

Such special assessments shall be levied on the basis or bases prescribed in the Resolution of Intention and, as authorized by Montana Code Annotated, Section 7-12-4190(2), shall be payable in equal semiannual installments of principal and interest. The unpaid installments of the assessments shall bear interest at an annual rate determined each fiscal year equal to the sum of: (i) the average annual interest rate borne by the Bonds, plus (ii) one-half of one percent (0.50%) per annum. The assessments will be payable in installments on the 30th day of November in each of years 2013 through 2027 and on the 31st day of May in the years 2014 through 2028, inclusive, if not theretofore paid, and shall become delinquent on such date unless paid in full. The payment due on any installment date shall be the amount necessary to amortize, over the 15-year term in substantially equal semiannual payments, the principal amount of the assessment, together with interest to accrue thereon over said term at the interest rate thereon; provided that the amount of each such installment shall be adjusted each fiscal year to an amount equal to the amount necessary to amortize fully the then outstanding principal amount of the assessment (excluding any delinquent amounts), plus interest accrued at the interest rate on the assessments then in effect in the number of installments then remaining until July 1, 2027. There shall be added to the first installment payment of each assessment interest on the entire assessment from the date of original registration of the Bonds to January 1, 2013.

**THURSDAY, MAY 16, 2013**  
**(Continued)**

The assessments shall constitute a lien upon and against the property against which they are made and levied, which lien may be extinguished only by payment of the assessment with all penalties, costs and interest as provided in Montana Code Annotated, Section 7-12-2168. No tax deed issued with respect to any lot or parcel of land shall operate as payment of any installment of the assessment thereon which is payable after the execution of such deed, and any tax deed so issued shall convey title subject only to the lien of said future installments, as provided in Montana Code Annotated, Section 15-18-2 14.

4.04. Reassessment. If at any time and for whatever reason any special assessment or tax herein agreed to be levied is held invalid, the County and this Board, its officers and employees, will take all steps necessary to correct the same and to reassess and re-levy the same, including the ordering of work, with the same force and effect as if made at the time provided by law, ordinance or resolution relating thereto, and will reassess and re-levy the same with the same force and effect as an original levy thereof, as authorized in Montana Code Annotated, Section 7-12-2165. Any special assessment, or reassessment or re-levy shall, so far as is practicable, be levied and collected as it would have been if the first levy had been enforced including the levy and collection of any interest accrued on the first levy.

If proceeds of the Bonds, including investment income thereon, are applied to the redemption of such Bonds, as provided in Montana Code Annotated, Sections 7-12-2173 and 7-12-2174, or if refunding bonds are issued and the principal amount of the outstanding Bonds of the District is decreased or increased, the County will reduce or increase, respectively, the assessments levied in the respective District and then outstanding pro rata by the principal amount of such prepayment or the increment above or below the outstanding principal amount of bonds represented by the refunding bonds. The County and this Board, its officers and employees will reassess and re-levy such assessments, with the same effect as an original levy, in such reduced or increased amounts in accordance with the provisions of Montana Code Annotated, Sections 7-12-2158 through 7-12-2159.

4.05. Absence of Litigation. There is now no litigation pending or, to the best knowledge of the County, threatened questioning the validity or regularity of the creation of the District, the contracts for construction of the Improvements or the undertaking and agreement of the County to levy special assessments therefor and to make good any deficiency in the collection thereof through the levy of taxes for and the making of advances from the Revolving Fund, or the right and power of the County to issue the Bonds or in any manner questioning the existence of any condition precedent to the exercise of the County's powers in these matters. If any such litigation should be initiated or threatened, the County will forthwith notify in writing the Purchaser, and will furnish the Purchaser a copy of all documents, including pleadings, in connection with such litigation.

4.06. Waiver of Penalty and Interest. The County covenants not to waive the payment of penalty or interest on delinquent assessments levied on property in the District for costs of the

Improvements, unless the County determines, by resolution of the Board of County Commissioners, that such waiver is in the best interest of the owners of the outstanding Bonds.

Section 5. Tax Matters.

5.01. Use of Improvements. The Improvements will be owned and operated by the County and available for use by members of the general public on a substantially equal basis. The County shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the Improvements or security for the payment of the Bonds which might cause the Bonds to be considered "private activity bonds" or "private loan bonds" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code").

5.02. General Covenant. The County covenants and agrees with the owners from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Bonds to become includable in gross income for federal income tax purposes under the Code and applicable Treasury Regulations (the "Regulations"), and covenants to take any and all actions within its powers to ensure that the interest on the Bonds will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

5.03. Arbitrage Certification. The Chair of the Board, the County Clerk and Recorder and the County Treasurer, being the officers of the County charged with the responsibility for issuing the Bonds pursuant to this resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code, and Section 1.148-2(b) of the Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds, it is reasonably expected that the proceeds of the Bonds will be used in a manner that would not cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations.

5.04. Arbitrage Rebate Exemption.

(a) The County hereby represents that the Bonds qualify for the exception for small governmental units to the arbitrage rebate provisions contained in Section 148(f) of the Code. Specifically, the County represents that substantially all (not less than 95%) of the proceeds of the Bonds (except for amounts to be applied to the payment of costs of issuance or representing accrued interest) will be used for local governmental activities of the County.

(b) If notwithstanding the provisions of paragraph (a) of this Section 5.04, the arbitrage rebate provisions of Section 148(f) of the Code apply to the Bonds, the County hereby covenants and agrees to make the determinations, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 148(f).

5.05. Information Reporting. The County shall file with the Secretary of the Treasury, not later than November 15, 2013, a statement concerning the Bonds containing the information required by Section 149(e) of the Code.

5.06. Qualified Tax-Exempt Obligations. Pursuant to Section 265(b)(3)(B)(ii) of the Code, the County hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The County has not designated any obligations in 2012 other than the Bonds under Section 265(b)(3). The County hereby represents that it does not anticipate that obligations bearing interest not includable in gross income for purposes of federal income taxation under Section 103 of the Code (including refunding obligations as provided in Section 265(b)(3) of the Code and including "qualified 501(c)(3) bonds" but excluding other "private activity bonds," as defined in Sections 141(a) and 145(a) of the Code) will be issued by or on behalf of the County and all "subordinate entities" of the County in 2012 in an amount greater than \$10,000,000.

**THURSDAY, MAY 16, 2013  
(Continued)**

Section 6. Authentication of Transcript. The officers of the County are hereby authorized and directed to furnish to the Purchaser and to bond counsel certified copies of all proceedings relating to the issuance of the Bonds and such other certificates and affidavits as may be required to show the right, power and authority of the County to issue the Bonds, and all statements contained in and shown by such instruments, including any heretofore furnished, shall constitute representations of the County as to the truth of the statements purported to be shown thereby.

Section 7. Discharge.

7.01. General. When the liability of the County on all Bonds issued under and secured by this resolution has been discharged as provided in this Section 7, all pledges, covenants and other rights granted by this resolution to the owners of such obligations shall cease.

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

7.03. Prepayment. The County may also discharge its obligations with respect to any Bonds called for redemption on any date when they are prepayable according to their terms, by on or before that date depositing with the Registrar funds sufficient, or, if a County officer is the Registrar, mailing to the registered owner of such Bond a check or a draft in a sum sufficient and providing proceeds available, for the payment of the principal, interest and redemption premium, if any, which are then due; provided that notice of such redemption has been duly given as provided herein or irrevocably provided for.

7.04. Escrow. The County may also at any time discharge its liability in its entirety with reference to the Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without reinvestment, to provide funds sufficient to pay all principal and interest to become due on all Bonds on or before maturity or, if any Bond has been duly called for

redemption or notice of such redemption has been irrevocably provided for, on or before the designated redemption date.

Section 8. Repeals and Effective Date.

8.01. Repeal. All provisions of other Resolution and other actions and proceedings of the County and this Board that are in any way inconsistent with the terms and provisions of this resolution are repealed, amended and rescinded to the full extent necessary to give full force and effect to the provisions of this resolution.

8.02. Effective Date. This resolution shall take effect immediately upon its passage and adoption by this Board.

PASSED by the Board of County Commissioners of Flathead County, Montana, this 21<sup>st</sup> day of May, 2013.

BOARD OF COUNTY COMMISSIONERS  
Flathead County, Montana

By/s/Pamela J. Holmquist  
Pamela J. Holmquist, Chair

ATTEST:  
Paula Robinson, Clerk

By/s/Diana Kile  
Diana Kile, Deputy

**EXHIBIT A**

UNITED STATES OF AMERICA  
STATE OF MONTANA

**FLATHEAD COUNTY**

RURAL SPECIAL IMPROVEMENT  
DISTRICT BONDS  
(Rural Special Improvement District No. 154)

Interest at the rate per annum specified below  
payable January 1, 2014, and  
semiannually thereafter  
on the 1st day of January and the 1st day of July in each year.

No. RSID-154-XX \$XX,XXX

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>
3.95%	July 1, 20XX	May 16, 2013

REGISTERED OWNER: BITTERROOT VALLEY BANK, OF LOLO, MONTANA.

PRINCIPAL AMOUNT: XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

**THURSDAY, MAY 16, 2013**  
**(Continued)**

FOR VALUE RECEIVED, Flathead County, Montana, will pay to the registered owner identified above, or registered assigns, on the maturity date specified above the principal amount specified above, solely from the revenues hereinafter specified, as authorized by Resolution No. 2341D adopted May 16, 2013 (the "Resolution"), all subject to the provisions hereinafter described relating to the redemption of this Bond before maturity. This Bond bears interest at the rate per annum specified above from the date of issuance of this Bond, as expressed herein, or from such later date to which interest hereon has been paid or duly provided for, until the maturity date specified above or an earlier date on which this Bond shall have been duly called for redemption by the County Clerk and Recorder. Interest on this Bond is payable semiannually, commencing January 1, 2014, on the first day of January and the first day of July in each year, to the owner of record of this Bond appearing as such in the bond register as of the close of business on the 15th day (whether or not such is a business day) of the immediately preceding month. Interest on and, upon presentation and surrender hereof at the principal office of the bond registrar and paying agent hereinafter named, the principal of this Bond are payable by check or draft of the Flathead County Clerk & Recorder, of Kalispell, Montana, as bond registrar and paying agent, or its successor designated under the Resolution (the "Registrar"). The principal of and interest on this Bond are payable in lawful money of the United States of America.

This Bond is one of an issue in the aggregate principal amount of \$137,800.00 (the "Bonds"), all of like date of original issue and tenor, except as to serial number, denomination, date, interest rate, maturity date and redemption privilege. The Bonds are issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 12, Part 21, as amended, and ordinances and Resolution duly adopted by the governing body of the City, including the Resolution, to finance the costs of certain local improvements (the "Improvements") for the special benefit of property located in Rural Special Improvement District No. 154 of the County (the "District"). The Bonds are issuable only as certificate bonds of single maturities in denominations of \$10,000 or \$10,800 or \$9,000 or any integral multiple thereof.

This Bond is payable from the collection of a special tax or assessment levied upon all assessable real property within the boundaries of the District, in an aggregate principal amount of not less than \$137,800.00, except as such amount may be reduced or increased in accordance with provisions of Montana law. Such assessments constitute a lien against the assessable real estate within the District, and the Bonds are not general obligations of the County.

The County has validly established a Rural Special Improvement District Revolving Fund (the "Revolving Fund") to secure the payment of certain of its rural special improvement district bonds, including the Bonds. The County has also agreed, to the extent permitted by the Act, to issue orders annually authorizing loans or advances from the Revolving Fund to the Rural Special Improvement District Sinking Fund of the County established for RSID No. 154 (the "Sinking Fund"), in amounts sufficient to make good any deficiency in the Sinking Fund to pay principal of or interest on the Bonds, to the extent that funds are available in the Revolving Fund, and to provide funds for the Revolving Fund by annually making a tax levy or loan from its general fund in an amount sufficient for that purpose, subject to the limitation that no such tax levy or loan may in any year cause the balance in the Revolving Fund to exceed five percent of the principal amount of the County's then outstanding rural special improvement district bonds secured thereby and the durational limitations specified in the Act. Thus, while any property tax levy to be made by the County to provide funds for the Revolving Fund is subject to levy limits under current law, the County has agreed in the Resolution to levy property taxes to provide funds for the Revolving Fund to the extent described in this paragraph and, if necessary, to reduce other property tax levies correspondingly to meet applicable levy limits.

The Bonds are subject to mandatory redemption in order of stated maturities and within a stated maturity in principal amounts of \$10,000 or \$10,800 or \$9,000, selected by lot or other manner deemed fair by the Registrar on any interest payment date if, after paying all principal and interest then due on the Bonds, there are funds to the credit of the Sinking Fund, from the prepayment of assessments levied in the District or from surplus proceeds of the Bonds not required to pay costs of the Improvements, for the redemption thereof, and in the manner provided for the redemption of the same. The Bonds maturing on and after July 1, 2019 are subject to redemption at the option of the County from sources of funds available therefor other than those noted in the previous sentence, including, without limitation, from the proceeds of refunding rural special improvement district bonds or warrants, on July 1, 2018, and any date thereafter. The redemption price is equal to the principal amount of the Bonds or portions thereof to be redeemed plus interest accrued thereon to the date of redemption, without premium. The date of redemption shall be fixed by the County Clerk and Recorder, who shall give notice thereof to the Registrar in sufficient time for the Registrar to give notice, by first class mail, postage prepaid, or by other means required by the securities depository, to the owner or owners of such Bonds at their addresses shown on the bond register, of the Bonds or portions thereof to be redeemed and the date on which payment will be made, which date shall not be less than thirty (30) days after the date of mailing of notice, on which date so fixed interest shall cease. On the date so fixed interest on the Bonds or portions thereof so redeemed shall cease to accrue. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

The Bonds have been designated by the County as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended.

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

The County and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the County nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all things required to be done precedent to the issuance of this Bond have been properly done, happened and been performed in the manner prescribed by the laws of the State of Montana and the Resolution and ordinances of Flathead County, Montana, relating to the issuance thereof; and that the opinion attached hereto is a true copy of the legal opinion given by Bond Counsel with reference to the Bonds, dated the date of original issuance and delivery of the Bonds.

**THURSDAY, MAY 16, 2013  
(Continued)**

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication herein shall have been executed by the Registrar by the manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, Flathead County, Montana, by its Board of County Commissioners, has caused this Bond and the certificate on the reverse hereof to be executed by the signatures of the Chair of the Board of County Commissioners, the County Clerk and Recorder and the County Treasurer, and by the official seal of the County.

\_\_\_\_\_  
Pamela J. Holmquist  
Chair, Board of County Commissioners

Dated: \_\_\_\_\_

\_\_\_\_\_  
Paula Robinson  
County Clerk and Recorder

\_\_\_\_\_  
Adele Krantz  
County Treasurer

**CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

Bond Registrar, Transfer Agent and Paying Agent

SEAL

By \_\_\_\_\_  
Deputy Clerk and Recorder

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**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

PLEASE INSERT SOCIAL SECURITY  
OR OTHER IDENTIFYING NUMBER  
OF ASSIGNEE:

/ \_\_\_\_\_ /

SIGNATURE GUARANTEED

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration, enlargement, or any change whatsoever.

Signature(s) must be guaranteed by an "eligible Guarantor institution" meeting the requirements of the Bond Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Bond Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

**CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE**

I, the undersigned, being the duly qualified and acting recording officer of Flathead County, Montana (the "County"), hereby certify that the attached resolution is a true copy of Resolution No. 2341D entitled: "RESOLUTION RELATING TO \$137,800.00 RURAL SPECIAL IMPROVEMENT DISTRICT BONDS (RURAL SPECIAL IMPROVEMENT DISTRICT NO. 154); FIXING THE FORM AND DETAILS AND PROVIDING FOR THE EXECUTION AND DELIVERY THEREOF AND SECURITY THEREFOR" (the "Resolution"), on file in the original records of the County in my legal custody; that the Resolution was duly adopted by the Board of County Commissioners of the County at a regular meeting on May 16, 2013, and that the meeting was duly held by the Board of County Commissioners and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Commissioners voted in favor thereof: **Chairman Holmquist, Commissioner Scott and Commissioner Krueger**; voted against the same: \_\_\_\_\_; abstained from voting thereon: \_\_\_\_\_; or were absent: \_\_\_\_\_.

WITNESS my hand officially this 16<sup>th</sup> day of May, 2013.

Flathead County Clerk and Recorder  
Paula Robinson,



By/s/Diana Kile  
Deputy

**THURSDAY, MAY 16, 2013**  
**(Continued)**

**CONSIDERATION OF DOG LICENSURE PROGRAM INTERLOCAL AGREEMENT/ CITY OF KALISPELL**

11:33:04 AM

Present: Chairman Pamela J. Holmquist, Commissioner Calvin L. Scott, Commissioner Gary D. Krueger, Assistant Mike Pence, Health Dept. Director Joe Russell, Clerk Kile

Russell met with the commission and reviewed the benefits behind the proposed Interlocal Agreement between Flathead County and the City of Kalispell.

Chairman Holmquist explained she is not in support of the joint effort, because of concerns regarding enforcement issues and what currently is in place. She said I know the fees could generate money, but is not convinced this is the right step.

Commissioner Scott said he does not understand enough of the program yet, as he just received the copy.

Russell said he would like to have some clear direction from the commission, and asked that they discuss it with the councils that do have a program and see what they have to say about it. He clarified these would be fees that would go to the county and could help support the shelter.

Commissioner Krueger said his concern is the tie between licensing and enforcement. He explained we do some enforcement in the county; we would not be doing enforcement in the city, so what we are doing is administering a program that is not equal across county residence. He stated as a county resident he could be fined for not having a license yet in the city, he would not, because there is no enforcement. Krueger said there may be a solution, but does not know what it is, and stated right now that he does not support this.

Russell said as a point of clarification this is a general fund program; so everyone in the county pays for the shelter. The dog licensure is a tracking mechanism that can be used for enforcement when an animal is picked up. It does not preclude the fact they have a vicious dog ordinance and dogs running at large ordinance that they clearly would have to enforce; same as Columbia Falls who have the same ordinances except for licensure.

Commissioner Krueger made a **motion** to not enter into the Interlocal Agreement. Chairman Holmquist **seconded** the motion.

Commissioner Scott said he would rather post-pone the measure and stated he would admit ignorance of all the ramifications including enforcement being talked about and what our counter parts at the cities have to say. He explained he would like the opportunity to understand it better.

Commissioner Krueger said he understood that and noted this could be brought up in two weeks if they want. Right now what I am saying is I am not ready to do anything right now.

Chairman Holmquist agreed.

Russell explained if you don't like this then he doesn't have any clear direction on what to do; so I would suggest tabling it and I can talk to you each individually or through the attorneys. He asked that it be tabled for future action.

**Aye** – Holmquist and Krueger. **Opposed** - Scott. Motion carried by quorum

**CONSIDERATION OF LAKESHORE PERMIT: CHEFF, FLP 13-25**

11:43:37 AM

Present: Chairman Pamela J. Holmquist, Commissioner Calvin L. Scott, Commissioner Gary D. Krueger, Assistant Mike Pence, Planner Eric Mack, Kim Cheff, Clerk Kile

Mack entered into record Lake and Lakeshore Construction Permit FLP 13-25/ Cheff. The applicant proposes to replace a gravel boat ramp with a concrete boat ramp at 758 Blaine View Lane on Lake Blaine.

Commissioner Scott made a **motion** to approve FLP 13-25/ Cheff. Commissioner Krueger **seconded** the motion. **Aye** - Holmquist, Scott and Krueger. Motion carried unanimously.

**CONSIDERATION OF ACQUISITION OF SOLID WASTE DISTRICT PROPERTIES**

11:44:24 AM

Present: Chairman Pamela J. Holmquist, Commissioner Calvin L. Scott, Commissioner Gary D. Krueger, Assistant Mike Pence, Deputy County Attorney Tara Fugina, Deputy County Attorney Paul Nicol, Public Works Director Dave Prunty, Kim Schwegel, Jera Schwegel, Dia Sullivan, Cassandra Farrell, Chris Farrell, Denise Zander, Clerk Kile

Prunty reported he has met with 12 of the 15 property owners, and at this point in time it appears nearly everyone is interested in selling their properties for the landfill expansion. He explained whichever area they decide to purchase the County Attorney would get the ball rolling with contracts, etc.

Commissioner Krueger made a **motion** to move forwards with the purchase of the area with 14 properties and authorize staff to do so. Commissioner Scott **seconded** the motion. **Aye** - Holmquist, Scott and Krueger. Motion carried unanimously.



**THURSDAY, MAY 16, 2013  
(Continued)**

**CONSIDERATION OF ACCEPTANCE OF DEED: TURTLE MOUNTAIN HOA**

**11:47:04 AM**

Present: Chairman Pamela J. Holmquist, Commissioner Calvin L. Scott, Commissioner Gary D. Krueger, Assistant Mike Pence, Deputy County Attorney Paul Nicol, Deputy County Attorney Tara Fugina, Clerk Kile

Nicol's explained the prior commission agreed to accept this road under certain conditions and those conditions have been met. He noted the deed includes an understanding that Flathead County would not be obligated to maintain or plow turtle Mountain Road.

Commissioner Krueger made a **motion** to accept the deed / Turtle Mountain HOA. Commissioner Scott **seconded** the motion. **Aye** - Holmquist, Scott and Krueger. Motion carried unanimously.

**BUDGET REVIEW: FINANCE DEPT.**

**11:49:12 AM**

Present: Chairman Pamela J. Holmquist, Commissioner Calvin L. Scott, Commissioner Gary D. Krueger, Assistant Mike Pence, Finance Director Sandy Carlson, Finance Technicians Amy Dexter and Tamara Helmstetler, Clerk Kile

Carlson summarized the preliminary budget for the Finance Department and noted a printer is in their CIP for purchase in 2017.

**AUTHORIZATION TO PUBLISH RFP: AUDIT SERVICES**

**11:55:24 AM**

Present: Chairman Pamela J. Holmquist, Commissioner Calvin L. Scott, Commissioner Gary D. Krueger, Assistant Mike Pence, Finance Director Sandy Carlson, Finance Technicians Amy Dexter and Tamara Helmstetler, Clerk Kile

Commissioner Scott made a **motion** to advertise for RFP services. Commissioner Krueger **seconded** the motion. **Aye** - Holmquist, Scott and Krueger. Motion carried unanimously.

REQUEST FOR PROPOSALS / FLATHEAD COUNTY AUDITING SERVICES

Flathead County is requesting proposals from qualified firms or individuals for the provision of auditing services. Instructions are available at the Office of the Clerk and Recorder and online at the county website. Proposals must be submitted no later than 5:00 p.m. local time, June 7, 2013, at the office of the Flathead County Clerk and Recorder located at 800 S. Main St., Room 302, Kalispell MT 59901

Questions should be directed to: Sandy Carlson, Finance Director, 800 S. Main St., Room 214, Kalispell MT or call (406) 758-5539.

Please mark clearly on the outside of the sealed envelope: Flathead County Auditing Services Proposal

Flathead County intends to negotiate an agreement based upon fair and reasonable compensation for the scope of work and services proposed. Flathead County also reserves the right to reject any and all responses deemed unqualified, unsatisfactory or inappropriate.

Dated May 16, 2013.

Board of County Commissioners  
Flathead, County

ATTEST:  
Paula Robinson, Clerk

By/s/Pamela J. Holmquist  
Pamela J. Holmquist, Chairman

By/s/Diana Kile  
Diana Kile, Deputy

Publish on May 21 and May 28, 2013.

**9:30 a.m. Juvenile Detention Quarterly Tour**  
**11:45 a.m. Commissioner Holmquist: Health Board Retreat**

At 5:00 o'clock P.M., the Board continued the session until 8:00 o'clock A.M. on May 17, 2013.

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**FRIDAY, MAY 17, 2013**

The Board of County Commissioners met in continued session at 8:00 o'clock A.M. Chairman Holmquist, Commissioner Scott and Krueger, and Clerk Robinson were present.

**7:00 a.m. Commissioner Holmquist: Flathead Forest Friday Breakfast meeting @ Perkins Restaurant**  
**Commissioner Scott: Mental Health Council & CDC meetings in Thompson Falls**

At 5:00 o'clock P.M., the Board continued the session until 8:00 o'clock A.M. on May 20, 2013.

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