

Council Member Clint White moved the adoption of the following resolution:

**RESOLUTION NO. 740**

RESOLUTION OF THE CITY COUNCIL OF POLSON, MONTANA, CALLING FOR THE SALE OF ITS MUNICIPAL GOLF COURSE REVENUE BONDS, SERIES 1998, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,600,000 FOR THE PURPOSE OF A CURRENT REFUNDING OF THE CITY'S SERIES 1987 MUNICIPAL GOLF COURSE REVENUE BONDS AND PROVIDING FUNDS FOR EXPANSION OF THE CITY'S MUNICIPAL GOLF COURSE.

BE IT RESOLVED by the City Council (the "Council") of the City of Polson (the "City"), Lake County, Montana, as follows:

**Section 1. Recitals.** The City is authorized pursuant to Title 7, Chapter 7, Parts 44, 45, and 46, Montana Code Annotated, to issue its revenue bonds to finance in whole or in part the cost of acquiring, constructing, equipping, planning, designing and financing improvements to the City's golf course and to refund existing revenue bonds. Pursuant to City Resolution No. 488, the City issued its \$730,000 Municipal Golf Course Revenue Bonds, Series 1987 (the "Series 1987 Bonds"). The Series 1987 Bonds have been timely paid since their issuance and have a currently outstanding principal balance of \$370,000 with interest payable at, or above, eight percent (8.00%) per annum. The outstanding Series 1987 Bonds are redeemable at par plus accrued interest on any interest payment date (October 1 and April 1). The City has been advised by its financial consultant that the Series 1987 Bonds can be currently refunded to result in a reduction of total debt service cost to the City. The City currently operates and owns an 18 hole municipal golf course (the "Golf Course"). The City has received bids for the construction and equipping of an additional 9 holes of the Golf Course (the "Project") which are comparable to the consulting architect's estimates for such Project. The City has consulted with its financial consultant about the advisability of currently refunding the Series 1987 Bonds and as to the sizing of the financing required for the refunding thereof and the development of the Project. In order to obtain the lowest market interest rate on the proposed bonds, the City's financial consultant recommends the establishment of a reserve as security for the proposed bonds, that the proposed bonds should be book-entry only and that the City authorize bids on the proposed bonds at no less than ninety-eight and one-half percent (98.5%) of the principal amount. The financial consultant has also recommended that the City's allocation of indirect costs to the Golf Course Enterprise Fund not exceed \$30,000 per year.

**Section 2. Authorization to Offer Sale of Series 1998 Bonds.** The City has investigated the facts it believes necessary and hereby finds, determines, and declares it to be necessary and desirable, for the City to offer for sale \$1,600,000 of its Municipal Golf Course Revenue Bonds, Series 1998 (the "Series 1998 Bonds"), for the purpose of providing a portion of the funds: to refund the Series 1987 Bonds; to construct and equip the expansion of the Golf Course; to fund a debt service reserve to secure the Series 1998 Bonds; and to pay costs associated with the sale and issuance of the Series 1998 Bonds.

**Section 3. Terms of Series 1998 Bonds.** Pursuant to the authority described above, this City shall issue and sell the Series 1998 Bonds in the aggregate principal amount of \$1,600,000 for the purposes described in Section 1 hereof. The Bonds shall be dated as of January 1, 1998, shall be issued in one series, shall be sold in book-entry only form, and shall bear interest, payable semiannually on October 1 and April 1 of each year commencing April 1, 1998, at the rate or rates designated by the successful bidder at public sale and approved by the City Council, expressed in integral multiples of 1/8th or 1/20th of 1%, with one rate per maturity. No rate of interest may exceed 6.5% per annum, and the maximum difference between the highest and lowest rate of interest shall not exceed 3.00%. The Bonds shall mature on October 1 in each of the following years and amounts:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1998	\$70,000	2008	\$ 75,000
1999	\$50,000	2009	\$ 80,000
2000	\$55,000	2010	\$ 85,000
2001	\$55,000	2011	\$ 90,000
2002	\$55,000	2012	\$ 95,000
2003	\$60,000	2013	\$100,000
2004	\$65,000	2014	\$105,000
2005	\$65,000	2015	\$110,000
2006	\$70,000	2016	\$115,000
2007	\$75,000	2017	\$125,000



EXHIBIT "A"  
NOTICE OF SALE  
\$1,600,000  
City of Polson, Lake County, Montana  
Municipal Golf Course Revenue Bonds, Series 1998

NOTICE IS HEREBY GIVEN that the City of Polson, Montana (the "City"), will sell to the highest and best bidder for cash, as evidenced by sealed bids, the above described Series 1998 Bonds drawn against the City's Golf Course Enterprise Fund in the principal amount of \$1,600,000.

Sealed bids for the purchase of the Series 1998 Bonds will be received until 10:00 a.m. M.S.T. on December 11, 1997, at the office of the City Clerk, 106 First St., East, City Hall, Polson, Montana 59860, at which time the bids will be opened and tabulated. The City Council will meet at 12:00 o'clock noon, M.S.T. on the same day at its Council Chambers in City Hall to consider the bids and to award the sale of the Series 1998 Bonds.

#### Purpose and Security

The Series 1998 Bonds will be issued for the purpose of providing funds to currently refund the City's Municipal Golf Course Revenue Bonds, Series 1987, and for the expansion of the City's 18 hole municipal golf course to a 27 hole golf course, funding a debt service reserve to secure the Series 1998 Bonds, and paying costs associated with the sale and issuance of the Series 1998 Bonds. The Series 1998 Bonds will be special, limited obligations of the City and do not constitute general obligations of the City.

The Series 1998 Bonds are payable from the net revenues of the City's Golf Course Enterprise Fund. The Series 1998 Bonds are further secured by a debt service reserve which the City will agree to maintain at a level equal to the lesser of (i) 10% of the original principal amount of Series 1998 Bonds then outstanding or (ii) an amount equal to the maximum principal of and interest payable on the Series 1998 Bonds in the then current or any future calendar year.

#### Date and Type

The Series 1998 Bonds will be dated, as originally issued, as of January 1, 1998, and will be issued as negotiable investment securities in registered form as to both principal and interest. The Series 1998 Bonds will be issued in book-entry only form.

#### Maturities and Redemption

The Series 1998 Bonds will be issued as bonds of single maturities in the denominations of \$5,000 each or any integral multiple thereof. The Series 1998 Bonds will mature on October 1, in the following years and amounts:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1998	\$70,000	2008	\$ 75,000
1999	\$50,000	2009	\$ 80,000
2000	\$55,000	2010	\$ 85,000
2001	\$55,000	2011	\$ 90,000
2002	\$55,000	2012	\$ 95,000
2003	\$60,000	2013	\$100,000
2004	\$65,000	2014	\$105,000
2005	\$65,000	2015	\$110,000
2006	\$70,000	2016	\$115,000
2007	\$75,000	2017	\$125,000

The Bonds maturing on or after October 1, 2008 are subject to redemption at the option of the City, in inverse order of maturities selected by lot within single maturities selected by lot on and after October 1, 2007, at par plus accrued interest to the date of redemption.

#### Interest Payment Dates, Rates

Interest will be payable each October 1 and April 1, commencing April 1, 1998, to the registered owners of the Bonds as such appear in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. All Bonds of the same stated maturity must bear interest from date of original issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 1/8 or 1/20 of 1%. No rate of interest may exceed 6.50% per annum, and the maximum difference between the highest and lowest rate of interest shall not exceed 3.00%. No supplemental or "B" coupons or additional interest certificates are permitted.

#### Bond Registrar, Transfer Agent and Paying Agent

First Trust Company of Montana National Association shall be the bond registrar, transfer agent and paying agent (the "Registrar"). The bond register will be kept, transfers of ownership will be effected and principal of and interest on the Bonds will be paid by the Registrar. The City will pay the charges of the Registrar for such services. The City reserves the right to remove the Registrar and to appoint a suitable bank or trust company as successor.

#### Delivery

The City will deliver to the Registrar the Series 1998 Bonds. The City anticipates the Series 1998 Bonds will be available for delivery through Depository Trust Company on January 6, 1998. On the day of closing, the City will furnish to the purchaser the opinion of bond counsel hereinafter described, an arbitrage certification and a certificate verifying that no litigation in any manner questioning the validity of the Series 1998 Bonds is then pending or, to the knowledge of officers of the City, threatened. Payment for the Series 1998 Bonds must be received by the City in immediately available funds at its designated depository on the day of closing.

The Series 1998 Bonds will be designated by the City as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the Code), and financial institutions described in Section 265(b)(5) of the Code may treat the Bonds for purposes of Sections 265(b)(2) and 291(e)(1)(B) of the Code as if they were acquired on August 7, 1986.

#### Legal Opinion

An opinion as to the validity of the Bonds and the exclusion from gross income for federal income tax purposes and Montana individual income tax purposes of the interest thereon will be furnished by Jackson, Murdo, Grant & McFarland, P.C., of Helena, Montana, as Bond Counsel. The legal opinion will state that the Bonds are valid and binding special, limited obligations of the City enforceable in accordance with their terms, except to the extent to which enforceability thereof may be limited by the exercise of judicial discretion or by state or federal laws relating to bankruptcy, reorganization, moratorium or creditors' rights. The fees of Bond Counsel will be paid by the City.

#### Type of Bid and Award

Sealed bids must be on the official bid form for not less than ninety-eight and one-half percent (98.5%) of the par value of the Series 1998 Bonds and accrued interest on the principal sum of \$1,600,000 and must be mailed, sent by facsimile or delivered to the undersigned and must be received by the office of the City Clerk, 106 First St., East, City Hall, Polson, Montana 59860, prior to the time stated above. Bidders must bid for all of the Bonds. Each bid must be unconditional, must be accompanied by a good faith deposit (the "Deposit") in the form of a certified or cashier's check or a Financial Surety Bond in the amount of \$32,000 payable to the order of the City of Polson. If a check is used, it must accompany each bid. If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of Montana, and such bond must be submitted to the City of Polson prior to the opening of the bids.

The Financial Surety Bond must identify each bidder whose Deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to a bidder utilizing a Financial Surety Bond, then that purchaser ("Purchaser") is required to submit its Deposit to the City of Polson in the form of a cashier's check (or wire transfer such amount as instructed by the City of Polson) not later than 3:00 p.m. M.S.T. on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the City of Polson to satisfy the Deposit requirement. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the Deposit will be retained by the City of Polson.

Bids submitted by facsimile will be received and sealed into envelopes by staff of the City. A bid submitted by facsimile must be transmitted prior to 9:45 a.m. (MST) on December 11, 1997 to 406-883-8238. Wire transfer fees must be paid by the bidder. For more information on the wire or facsimile transfer process, contact the City's financial adviser at 406-442-8099.

The bid authorizing the lowest net interest cost (total interest on all Bonds from January 1, 1998 to their maturities, less any cash premium plus any discount), will be deemed the most favorable. In the event that two or more bids state the lowest net interest cost, the sale of the Bonds will be awarded by lot. No oral bid will be considered. The City reserves the rights to reject any and all bids, to waive irregularities or informalities in any bid and to adjourn the sale. Instructions for bidding by facsimile and to wire bid security will be provided with bid forms or can be obtained from the financial advisor.

#### CUSIP Numbers

The City will apply for CUSIP numbers but will assume no responsibility for printing of CUSIP numbers on the Bonds or for the fees for obtaining CUSIP numbers.

#### Delivery of Official Statements

The City Council deems the Preliminary Official Statement delivered herewith to be near "final" as of its date, except for the omission of the interest rates and offering prices of the Series 1998 Bonds and any other matters relating thereto. The successful bidder for the Series 1998 Bonds agrees to furnish the City, within twenty-four hours after the award of the Series 1998 Bonds, all necessary pricing information and any underwriter identification necessary to complete the final Official Statement to be issued in connection with the Series 1998 Bonds. Promptly after receiving the necessary information from the successful bidder for the Bonds, the City will prepare a final Official Statement in substantially the same form as the Preliminary Official Statement, subject to any amendments which the City Commission determines to be necessary.

Within seven business days prior to closing the City will furnish to the purchaser without charge seventy-five (75) copies of the final official statement for the Series 1998 Bonds.

#### Continuing Disclosure

In order for prospective purchasers of the Series 1998 Bonds to comply with paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, the City will enter into a Continuing Disclosure Agreement to provide annual reports of specified information and notice of the occurrence of material events.

#### Financial Advisor

Dain Bosworth, Inc. has served as financial advisor to the City. The City has determined in writing that Dain Bosworth, Inc. may bid or participate in bidding on the Bonds.

#### Additional Information

An abbreviated form of this Notice has been published in the Great Falls Tribune on December 5, 1997. Information for bidders and bidding forms may be obtained from the Financial Advisor, Gene Huntington, Dain Bosworth Incorporated, P.O. Box 364, Helena, Montana 59624, (406) 442-8099.