

CERTIFICATE OF MINUTES RELATING TO
RESOLUTION NO. 93

Issuer: City of (Town of) STEVENSVILLE (the Municipality)

Governing Body: TOWN COUNCIL

Kind, date, time and place of meeting: a regular
meeting, held Oct. 13, 1986, at 7:30 o'clock P.m., in
the Town Council Chambers, Stevensville Montana.

Members present: William Taylor, Robert Summers, Anne Lange,
Judith Parker

Members absent: none

Documents attached:

Minutes of said meeting (pages): through ,
including

RESOLUTION NO. 93

A RESOLUTION RELATING TO PARTICIPATION IN POOLED
SELF-INSURANCE PROGRAM; APPROVING AND AUTHORIZING THE
EXECUTION OF THE MONTANA MUNICIPAL INSURANCE AUTHORITY
INTERLOCAL AGREEMENT, APPROVING THE MUNICIPALITY'S
PARTICIPATION IN THE AUTHORITY'S LIABILITY INSURANCE
COVERAGE PROGRAM, AUTHORIZING THE EXECUTION OF THE
LIABILITY INSURANCE COVERAGE PROGRAM AGREEMENT,
RATIFYING THE ISSUANCE OF BONDS ON ITS BEHALF AND
AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY
OF A NOTE EVIDENCING THE MUNICIPALITY'S PROPORTIONATE
SHARE OF PRINCIPAL OF AND INTEREST ON THE BONDS

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

WITNESS my hand officially as such recording officer
and the seal of the Town this 13th day of Oct., 1986.

(SEAL)

Audrey Ebel
Clerk

Member PARKER moved the adoption of the following resolution.

RESOLUTION NO. 93

A RESOLUTION RELATING TO PARTICIPATION IN POOLED SELF-INSURANCE PROGRAM; APPROVING AND AUTHORIZING THE EXECUTION OF THE MONTANA MUNICIPAL INSURANCE AUTHORITY INTERLOCAL AGREEMENT, APPROVING THE MUNICIPALITY'S PARTICIPATION IN THE AUTHORITY'S LIABILITY INSURANCE COVERAGE PROGRAM, AUTHORIZING THE EXECUTION OF THE LIABILITY INSURANCE COVERAGE PROGRAM AGREEMENT, RATIFYING THE ISSUANCE OF BONDS ON ITS BEHALF AND AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A NOTE EVIDENCING THE MUNICIPALITY'S PROPORTIONATE SHARE OF PRINCIPAL OF AND INTEREST ON THE BONDS

Be It Resolved by the Governing Body of The Town of Stevensville (the Municipality) As Follows:

Section 1. Authorization and Recitals.

1.01. Recitals and General Authority. The Municipality is authorized by Montana Code Annotated, Section 2-9-211 to procure insurance separately or jointly with other political subdivisions and use a deductible or self-insurance plan, wholly or in part. The Municipality has previously entered into or evidenced its intent to enter into a Participation Agreement with the Insurance Trust (the Trust) of the Montana League of Cities and Towns (the League) for the purpose of obtaining liability insurance coverage under the League's Liability Insurance Protection Program, such Program providing up to \$500,000 of coverage per occurrence.

The Trust in conjunction with the League obtained the passage of legislation in the 2nd Special Legislative Session of the Montana Legislature in 1986 (the Law) which allows municipalities or a board created on their behalf to issue bonds or notes for the purposes of funding a self-insurance or deductible reserve fund. The Trust has determined such funding of a self-insurance or deductible reserve fund (hereinafter a Claims Payment Fund) through the issuance of tax exempt bonds is desirable in that it will enable the provision of excess liability coverage in the amount of \$1,500,000 per occurrence at a reasonable cost. In order to comply with the Internal Revenue Code of 1954, as amended, and the Law it has been deemed necessary and desirable that the Trust be dissolved upon creation of the Montana Municipal Insurance Authority (as hereinafter defined), pursuant to an Interlocal Agreement

(as hereinafter defined), and that the Authority succeed to all rights, interest and responsibilities of the Trust in administering the existing insurance programs in which the Municipality is a participant.

Section 1.02. Proposed Program and Notes. The Montana Municipal Insurance Authority (the Authority) has been created as a joint exercise of powers entity pursuant to Title 7, Chapter 11, Part 1, M.C.A. (the Interlocal Cooperation Act) for the purpose of providing insurance and reinsurance programs to Montana municipalities, pursuant to an Interlocal Cooperation Agreement adopted and executed by all Montana municipalities wishing to become members of the Authority (Member Entities). The Authority offers its Member Entities various insurance programs the participation in which is evidenced by the execution of an agreement setting forth the terms and conditions of the Program (the Program Agreement). Among the programs to be offered by the Authority are the Workers Compensation Program currently administered by the Trust and the Liability Insurance Coverage Program (the Program). The existing liability insurance offered by the Trust will become a part of the Program.

Pursuant to the Program, the Authority has issued and sold bonds (the Bonds) on behalf of the Member Entities (the Participating Members) adopting this Resolution, each issuing a Note (as hereinafter defined) and signing the Liability Insurance Coverage Agreement (the Agreement) in order to establish a joint self-insurance reserve fund (Claims Payment Fund) from which insurance settlements will be paid on behalf of Participating Members. Each Participating Member will execute and deliver to the Authority a general obligation note (the Note) in a principal amount equal to their proportionate share of the principal of the Bonds and bearing interest thereon (the Debt Service Premium). The respective Notes and the Agreements obligate each Participating Member to pay its Debt Service Premium as evidenced by its respective Note in order to participate in the Program. In addition to the Debt Service Premium, each Participating Member shall be obligated to pay Risk Premium, Supplemental Debt Service Premium and any Risk Premium Adjustments or Deferred Risk Premium Adjustments as may be charged for participation in the Program. In addition to providing the insurance coverage described in the Memorandum of Liability Coverage attached as Exhibit C to the Agreement, the Authority will also provide risk management and other related services to each Participating Member. Other terms and conditions of participation in the Program, including the conditions upon which a Participating Member may withdraw or be expelled from the Program, are set forth in the Agreement.

1.03. Documentation. Forms of the following documents relating to the Program and the Note have been prepared and submitted to this Governing Body, and are hereby directed to be filed with the Clerk.

(a) the Montana Municipal Insurance Authority Interlocal Agreement (the Interlocal Agreement), to be entered into between the Municipality and other Member Entities;

(b) the Liability Insurance Coverage Program Agreement with Exhibit A, Name and Address of Providees as of August 28, 1986, Exhibit B, Names and Addresses of Municipalities Expected to be Providees as of October 30, 1986, Exhibit C, Memorandum of Liability Coverage, Exhibit D, Form of Requisition, and Schedule A, Formula for Calculating Risk Premium, Risk Premium Proportion (the Agreement), to be entered into between the Authority and the Municipality;

(c) the Note to be executed by the Municipality and delivered to the Authority evidencing the Municipality's obligation to pay its proportionate share of principal and interest on the Bonds, a copy of which is attached hereto as Exhibit A.

Section 2. Findings.

It Is Hereby Found, Determined and Declared That:

(a) The Program offered by the Authority provides an immediate and long-term solution to the Municipality's inability to obtain primary or excess general liability insurance at reasonable rates.

(b) The Program provides the following advantages:

(1) immediate capitalization of a claims payment fund (the "Claims Payment Fund") from the proceeds of the sale of the Bonds for the purpose of providing protection from large claims loss and facilitating access to the commercial reinsurance market,

(2) mutual agreement by the Participating Members to pay annual premium on both a prospective and a retrospective basis calculated actuarially to spread and moderate the cost of claims loss to each Participating Member,

(3) relief from the burden of paying premiums to commercial insurers at levels reflecting the insurers'

high costs of underwriting, administration and brokerage fees since the Authority's costs will be limited to reasonable administrative costs,

(4) relief from the commercial insurers' rights under excess liability policies to force claim settlements which are payable primarily in each case from the Participating Member's self-insurance funds,

(5) access to the commercial reinsurance market in future years when commercial reinsurance is available at rates deemed favorable by the Participating Members and the Authority, and

(6) premium payments calculated to provide amounts in each year necessary to maintain the Claims Payment Fund at an actuarially sound level and therefore sufficient to reserve against the incurred losses of the Participating Member.

(c) In authorizing the Municipality's membership in the Authority and the execution of the Interlocal Agreement, the Municipality's execution of the Agreement and the execution and delivery of the Note, the Municipality's purpose is and in its judgment the effect thereof will be to protect the health, safety, welfare and economic well-being of the citizens of the Municipality by making certain that the Municipality is insured against losses and claims;

(d) The Premium to be paid in each year by the Municipality and the method of calculation thereof as provided for in the Agreement and the Note is reasonable, fair and just and shall constitute a general obligation of the Municipality to be funded by a levy of an ad valorem tax on all taxable property within the Municipality without regard to any maximum mill levy limitation set by statute;

(e) The terms and conditions for membership in the Authority as set forth in the Interlocal Agreement, the terms and conditions for participation in the Program as set forth in the Agreement, and the provisions of the Note are necessary, desirable and proper to achieve the goals of the Program and the representations, covenants and recitals made therein by the Municipality are true, valid and accurate;

(f) The coverage provided to the Municipality by the Program as evidenced by the Memorandum of Liability Coverage is adequate consideration for the Municipality's agreement to pay the Premium;

(g) It is desirable that the Note be issued upon the terms and for the reasons set forth in this resolution and the Agreement and the Municipality pledges to levy an annual ad valorem tax on all property within its jurisdiction in an amount sufficient to make the payments due thereon.

Section 3. Authorization and Approval of the Interlocal Agreement, the Agreement, the Note, the Issuance of Bonds and the Distribution of the Official Statement.

The Municipality is hereby authorized to become a member of the Authority by execution of the Interlocal Agreement. The Municipality is hereby authorized to execute the Agreement and participate in the Program in accordance with the terms and conditions set forth in the Agreement. The issuance by the Authority of its \$6,625,000 Liability Insurance Coverage Program Bonds is hereby ratified for the purpose of capitalizing the Municipality's share of the Claims Payment Fund and paying the costs of issuance of the Bonds. The Municipality is hereby authorized to issue the Note, subject to the terms and conditions set forth in Section 4 hereof and in the form attached as Exhibit A hereto, to evidence its obligation for a proportionate share of the principal of and interest on the Bonds and its proportionate share of the debt service reserve fund relating thereto. The forms of the Interlocal Agreement, the Agreement and the Note referred to in Section 1.03 hereof are approved, subject to such modifications and revisions as are deemed appropriate and approved by the chief executive officer, finance officer or treasurer, and attorney for the Municipality, as may be approved by the Authority, which approval shall be conclusively evidenced by execution of the Interlocal Agreement, the Agreement and the Note. The Interlocal Agreement, the Agreement and the Note are authorized to be executed by the mayor, the treasurer or finance director and attested by the Clerk. Copies of all the documents in final form shall be delivered, filed and recorded as provided therein.

Section 4. The Note.

The Note shall be issued to evidence the Municipality's general obligation to pay its proportionate share of the principal of and interest on the Bonds and its proportionate share of the debt service reserve fund relating thereto. Provided, however, that in no event shall the principal amount of the Note exceed, at the time such Note is issued, 3% of the taxable valuation of the real and personal property located within the Municipality.

Section 5. Effective Date.

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

Passed and Approved by Governing Body of the City (Town) of STEVENSVILLE, Montana this 13 th day of October, 1986.



Mayor

Attest:



Clerk

Member SUMMERS seconded the motion
and the following voted in favor thereof: _____

LANGE, PARKER, SUMMERS AND TAYLOR

and the following voted against the same: NONE

Absent: