

RESOLUTION NO. 62

RESOLUTION GIVING PRELIMINARY APPROVAL TO A PROJECT WITH THE FIRST STATE BANK OF STEVENSVILLE UNDER SECTIONS 90-5-101 THROUGH 90-5-113, MONTANA CODE ANNOTATED, GIVING PRELIMINARY APPROVAL FOR THE ISSUANCE OF COMMERCIAL DEVELOPMENT REVENUE BONDS TO FINANCE THE PROJECT AND AUTHORIZING THE PREPARATION OF NECESSARY DOCUMENTS

WHEREAS, Section 90-5-102, Montana Code Annotated, authorized the Town of Stevensville, Montana (the "Town"), to issue revenue bonds and to enter into agreements to loan the proceeds of its revenue bonds to others for the purpose of defraying the cost of acquiring or improving any project; and

WHEREAS, factors necessitating the active promotion and development concentration of population in the Bitterroot Valley, the rising increase in the amount and cost of governmental services required to meet the needs of the increased population, the need for development of land use which shall provide an adequate tax base to finance these increased costs for such population, and the need to stimulate the idle local construction industry; and

WHEREAS, the Town Council (the (the "Council") of the Town of Stevensville, Montana (the "Town"), has received from First State Bank of Stevensville, a Montana banking association (the "Borrower"), a proposal that the Town undertake to finance a project (as hereinafter described) through the issuance of revenue bonds (the "bonds") pursuant to Sections 90-5-101 through 90-5-113, Montana Code Annotated (the "Act"); and

WHEREAS, the Town desires to facilitate the selective development of the community, stimulate the local construction industry, through encouraging the use of local labor on the Project, retain and improve its tax base and that of Ravalli County and help provide the range of services required by its population, and the Project shall assist the Town in achieving those objectives by substantially increasing the assessed valuation of the Town and helping to maintain a positive relationship between assessed valuation and debt, provide employment for those employed by the local construction industry, and enhance the image and reputation of the Town; and

WHEREAS, the project to be financed by the bonds is the removal of an existing vacant building and the construction of a building to be used as banking facilities for the Borrower on land owned by the Borrower and acquisition and installation of equipment to be used therein (the "Project"); and

WHEREAS, the Council has been advised by representatives of the Borrower that conventional commercial financing to pay the capital cost of the Project is available only on a limited basis and at such high costs of borrowing that the economic feasibility of the Project would be significantly reduced, but the Borrower has also advised this Council that with the aid of municipal financing and its resulting low borrowing cost the Project is economically more feasible; and

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

1. After review of the proposed financing, the Council hereby finds the improvements of the proposed Project to be in the Public interest of the Town, subject to such further findings, if any, that the Council should make after a public hearing on the proposed Project pursuant to Section 90-5-104 of the Act.

2. The Council hereby gives preliminary approval to the proposal of the Borrower that the Town undertake the Project pursuant to the Act by loaning the proceeds of the sale of the proposed bonds to the Borrower upon such terms and conditions, with provisions for revision from time to time as necessary, so as to produce income and revenues sufficient to pay, when due, the principal of and interest on the proposed bonds in the estimated principal amount of \$600,000, to finance the costs of the project, and the agreement may also provide for the entire interest of the Borrower therein to be mortgaged to the purchaser of the bonds. The Town hereby preliminarily expresses its intention to issue its bonds in accordance with such terms and conditions, provided, however this resolution in no way obligates the Town to issue the bonds and may be revoked or rescinded at any time. The Town requires that its bonds be sold to one or more institutions experienced in evaluating the type of credit involved, capable of bearing the financial risk and purchasing for investment purposes.

3. On the basis of information available to this Council, it appears and the Council hereby finds that the Project is a "Project" as defined in Section 90-05-101 (5) of the Act, that the availability of the financing under the Act and willingness of the Town to furnish such financing shall be a substantial inducement to the Borrower to undertake the Project and that the effect of the Project, if undertaken, shall be to encourage the development of economically sound industry and commerce, to help the Town retain and improve its tax base and provide the range of service opportunities required by its population, to promote more intensive development and use of land within the Town and to substantially increase the Town's tax base.

4. The Project is hereby given preliminary approval by the Town, subject to final approval by this Council, the Borrower and the purchaser or purchasers of the bonds as to the ultimate details of the financing of the Project.

5. Representatives of the Town and the law firm of Lindquist & Vennum, as bond counsel, are hereby authorized, in Co-operation with the Borrower and the Borrower's counsel, to initiate the preparation of a proposed loan agreement, mortgage and such other documents as may be necessary or appropriate to the Project, so that, when and if this Council gives its final approval thereto, the Project may be carried forward expeditiously.

6. The Borrower has agreed and it is hereby determined that any and all costs incurred by the Town in connection with the financing of the Project, whether or not the Project is carried to completion and whether or not approved by this Council, shall be paid by the Borrower.

7. Nothing in this resolution or in the documents prepared pursuant hereto shall authorize the expenditure of any municipal funds on the Project other than the revenues derived from the Project or otherwise granted to the Town for this purpose. The bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property, funds or the general credit or taxing powers of the Town except the revenue and proceeds pledged to the payment thereof, nor shall the Town be subject to any pecuniary liability thereon. The holder or holders from time to time of the bonds shall never have the right to compel any exercise of the taxing power of the Town to pay the outstanding principal on the bonds or the interest thereon or to enforce payment thereof against any property of the Town. The bonds shall recite in substance that the bonds, including interest thereon, are payable solely from the revenue and proceeds pledged to the payment thereof, and that the bonds shall not constitute or give rise to a pecuniary liability of the Town or a charge against its general credit or taxing powers.

8. In anticipation of the issuance of the bonds to finance all or a portion of the Project and in order that completion of the Project shall not be unduly delayed when approved, the Borrower is hereby authorized to make such expenditures and advances toward payment of that portion of the costs of the Project to be financed from the proceeds of the bonds as the Borrower considers necessary, including the use of interim, short-term financing, subject to reimbursement from the proceeds of the bonds if and when delivered but otherwise without liability on the part of the Town.

Approved and adopted this 28<sup>th</sup> day September, 1981

Richard Sipes  
Mayor

Audrey Ebel  
Town Clerk