

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the Town of Froid, Montana (the "Town"), hereby certify that the attached resolution is a true copy of Resolution No. 2017-4, entitled: "RESOLUTION OF THE TOWN OF FROID, MONTANA TO INCREASE THE RATES FOR THE USERS OF THE MUNICIPAL WATER SYSTEM" (the "Resolution"), on file in the original records of the Town in my legal custody; that the Resolution was duly adopted by the Town Council of the Town at a regular meeting on June 12, 2017, and that the meeting was duly held by the Town Council 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 Council members voted in favor thereof: Gregg Labatte, Dan Mogen, Dan Kjelshus, and Gale Strandlund; voted against the same: \_\_\_\_\_; abstained from voting thereon: \_\_\_\_\_; or were absent: \_\_\_\_\_.

WITNESS my hand officially this 12th day of June, 2017.

\_\_\_\_\_  
Town Clerk-Treasurer

RESOLUTION NO. 2017-4

RESOLUTION OF THE TOWN OF FROID, MONTANA TO  
INCREASE THE RATES FOR THE USERS OF THE  
MUNICIPAL WATER SYSTEM

RECITALS

WHEREAS, the Town of Froid, Montana (the “Town”) has determined to undertake certain improvements to its municipal water system (the “System”), including designing, engineering, and renovating the existing water tank, installing new water meters, and related improvements (the “Improvements”); and

WHEREAS, pursuant to Title 7, Chapter 7, Part 44, Montana Code Annotated (“M.C.A.”), the Town is authorized to issue bonds for the purpose of financing or refinancing the Improvements to the System; and

WHEREAS, based on the information provided to the Town by the Town’s engineering firm, Great West Engineering, Inc., of Billings, Montana, the estimated total cost of the Improvements is \$601,210, which estimate is subject to change; and

WHEREAS, the Town anticipates issuing water system revenue bonds (the “Series 2017 Bonds”) in the estimated aggregate principal amount of \$601,210 to pay the costs of the Improvements, to pay, refund, and redeem the Town’s outstanding Water System Revenue Bond, Series 1996, to fund a reserve for the Series 2017 Bonds and to pay costs of issuance of the Series 2017 Bonds; and

WHEREAS, it will be necessary for the Town to collect sufficient revenues to pay debt service on the Series 2017 Bonds, to pay the costs associated with the operation and maintenance of the System, and to establish appropriate reserves, and the Town has determined that it is necessary to increase the rates of the System to do so; and

WHEREAS, under Section 69-7-101, M.C.A., the Town has the power and authority to regulate, establish, and change, as it considers proper, rates, charges, and classifications imposed for utility services to its inhabitants and other persons served by the System. Rates, charges, and classifications must be reasonable and just; and

WHEREAS, pursuant to Section 69-7-111, M.C.A., the Town Council shall order a public hearing prior to the passage or enactment of an ordinance or resolution imposing, establishing, changing or increasing rates, fees, or charges for services or facilities; and

WHEREAS, a notice of public hearing was mailed to all users of the Town’s System notifying them that pursuant to Resolution No. 2017-1, adopted May 15, 2017, it was the intention of the Town to increase the rates and charges for water service and notice of public hearing was published as required by Section 69-7-111, M.C.A. A public hearing was held on June 12, 2017, commencing at 6:30 p.m. at the Froid Community Center, 103 2<sup>nd</sup> Street North,

Froid, Montana for the purpose of hearing comments from the public on the water rate increase; and

WHEREAS, all persons appearing were given an opportunity to speak at the public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Town Council (the “Council”) of the Town as follows:

Section 1. Determination of Annual Budget for System. Each year the Council of the Town shall determine the amount of money needed to pay the costs of the System including but not limited to: (a) the payment of the reasonable expense of operation and maintenance of the System; (b) administration of the System; (c) the payment of principal and interest on any bonded or other indebtedness of the System; and (d) the establishment or maintenance of any required reserves, including reserves needed for expenditures for depreciation and replacement of facilities, as may be determined necessary from time to time by the Council or as covenanted in the ordinance or resolution authorizing any outstanding bonds of the System. Based on the annual needs of the System, the Council will establish monthly charges for the use and availability of the System.

Section 2. Equivalent Dwelling Unit. The Town utilizes an equivalent dwelling unit methodology for imposing rates and charges, which is based on the size of the meter servicing each connection. A ¾ inch service, which is the standard service for single family residential users, is 1 Equivalent Dwelling Unit (“EDU”). The following table shows the number of EDUs for each size of service:

<u>Water Line/Meter Size</u>	<u>Number of Hookups</u>	<u>EDUs</u>	<u>Total EDUs</u>
¾”	148	1.00	148.00
1”	2	1.79	3.58
1 ½”	1	4.00	4.00
2”	3	7.14	21.42
<b>TOTAL</b>	<b>154</b>		<b>177.00</b>

Section 3. Current Rates.

3.01 Base Rate Charge. The Town currently charges users of the System a monthly base rate of \$31.70 (the “Base Rate Charge”) per EDU as shown in the table below:

<u>Water Line/Meter Size</u>	<u>EDU Cost</u>	<u>Multiplier</u>	<u>Total Cost</u>
¾”	\$31.70	1.00	\$ 31.70
1”	\$31.70	1.79	\$ 56.74
1 ½”	\$31.70	4.00	\$126.80
2”	\$31.70	7.14	\$126.80

3.02 Usage Charge. In addition, the City charges a monthly usage charge (the “Usage Charge”) of \$4.01 per 1,000 gallons used per connection or proportionate charge for gallons of water consumed per month.

3.03 Monthly Charge. The monthly charge for the use and availability of the System is the sum of the Base Rate Charge and the Usage Charge.

Section 4. Fixing of Rates.

4.01 Base Rate Charge. Effective as of July 1, 2017, the monthly base rate will be \$38.70 (the “New Base Rate Charge”) per EDU per month as follows:

<u>Diameter</u>	<u>Cost per EDU</u>	<u>Multiplier</u>	<u>Proposed Base Rate Charge</u>
¾”	\$38.70	1.00	\$38.70
1”	\$38.70	1.79	69.27
1 ½”	\$38.70	4.00	154.80
2”	\$38.70	7.14	276.32

3.03. Usage Charge. The Usage Charge shall remain the same.

3.04. Monthly Charge. The new monthly charge for the use and availability of the System is the sum of the New Base Rate Charge and the Usage Charge.

Section 5. Further Rate Increases. Subsequent adjustments to the monthly charge, Base Rate Charge or Usage Charge will be made by resolution of the Town Council duly adopted after a public hearing with notice thereof given as provided by law.

Section 6. Effective Date of Resolution. This resolution shall be immediately filed with the City Clerk-Treasurer and shall become effective upon passage.

Passed and approved this 12th day of June, 2017.

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Mayor

Attest:

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Town Clerk-Treasurer