

RESOLUTION NO. R16-58

**A RESOLUTION AUTHORIZING THE MAYOR TO SIGN AN
ENGAGEMENT LETTER WITH DORSEY & WHITNEY, LLP AS
BOND COUNSEL FOR THE WATER SYSTEM REVENUE BOND (DNRC DRINKING
WATER STATE REVOLVING LOAN PROGRAM) FOR THE INTAKE PROJECT.**

BE IT RESOLVED by the City Council of the City of Laurel, Montana,

Section 1: Approval. The engagement letter between the City of Laurel and Dorsey & Whitney, LLP relating to serving as bond counsel for the Water System Revenue Bond, a copy attached hereto, is hereby approved.

Section 2: Execution. The Mayor and the City Clerk of the City of Laurel are hereby given authority to execute the contract on behalf of the City.

Introduced at a regular meeting of the City Council on July 19, 2016 by Council Member
Poehls.

PASSED and ADOPTED by the City Council of the City of Laurel, Montana, this 19th
day of July, 2016.

APPROVED by the Mayor this 19th day of July, 2016.

CITY OF LAUREL



Mark A. Mace, Mayor

ATTEST:


Shirley Ewan, Clerk/Treasurer

Approved as to form:


Sam S. Painter, Civil City Attorney

June 21, 2016

Ms. Heidi Jensen
Chief Administrative Officer
City of Laurel
P.O. Box 10
Laurel, MT 59044

Via First Class Mail

Re: Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Intake Project
City of Laurel, Montana

Dear Heidi:

This letter sets forth the services we will provide and our estimated costs for serving as bond counsel in connection with the issuance by the City of Laurel, Montana (the "City") of its Water System Revenue Bond (the "Bond"), and participation in the State's Drinking Water State Revolving Fund Program (the "Program"), for the intake project (the "Project").

As bond counsel, our principal function is to render an opinion with respect to authorization and issuance of the Bond. The opinion is rendered in written form at the time the Bond is delivered to the Department of Natural Resources and Conservation (the "DNRC"). The opinion would be addressed to the DNRC, as purchaser, and the City, and both parties are entitled to rely on it.

In fulfilling that function and responsibility, we have performed or will perform the following tasks for the City:

- (1) prepare the bond resolution and the Bond and review proceedings of the City relating to other outstanding parity bonds and notes;
- (2) review water rate ordinances and resolutions to confirm that rates and charges are in effect at the time the Bond is issued to provide adequate revenues to pay the costs of operating and maintaining the City's municipal water system (the "System") and to pay debt service on the Bond and fund reserves consistent with the Program requirements and adopted in accordance with the provisions of law;
- (3) coordinate with the City Clerk/Treasurer, or other designated officer of the City, the adoption of resolutions and other actions necessary to be taken by the governing body of the City;
- (4) advise the City of the statutory requirements for the issuance of the Bond and the Program rules for the purchase of the Bond by the Program;
- (5) prepare closing documents for the City and supervise closing on the Bond; and

- (6) deliver the opinion discussed above to the City and the DNRC.

The fee for our services is a function of the size of the bond issue and the amount of time expended. There is a minimum amount of work that has to be done irrespective of the size of the bond issue. We understand that the size of the bond issue will be approximately \$1,700,000. We estimate our fee would be \$15,000, depending primarily on the amount of assistance needed to satisfy conditions precedent to the issuance of the Bond. If, as we proceed, we discover factors that are currently unanticipated that would cause us to exceed this estimate, we would let you know. We would expect to be paid at the time of closing on the Bond. Our fees are eligible costs of the Project and can be included in the amount of the Bond. It is mutually understood that the services set forth in this letter are solely for the benefit of the City.

You should be aware that we have served as bond counsel to the State of Montana (the "State") with respect to establishing the Program and the issuance of the State's general obligation Bond to fund the Program. As bond counsel for the City's Bond, we would not represent the State or the DNRC in the negotiation of the terms of the Bond, the bond resolution, or other aspects of the proposed financing. At this point, the terms of the financing have been established in the approved Program documents and regulations and our principal task is to draft a bond resolution that conforms to these requirements and the terms of the Commitment Agreement or commitment letter prepared by DNRC. (In advising the City of the statutory and other legal requirements for the issuance of the Bond, in accordance with provisions of the Commitment Agreement or commitment letter, the requirements of the Program and statutory provisions, we can advise the City with respect to the legal implications of the covenants in the Commitment Agreement or commitment letter and statutory and Program requirements that would be contained in the bond resolution.) Accordingly, we do not anticipate that our acting as bond counsel to the State with respect to the Program will present any practical impediment to our acting as bond counsel to the City with respect to the Bond; and, in fact, we believe our familiarity with the Program could be an advantage to the City in completing its proceedings efficiently.

As bond counsel to the State and the Program, however, we are available to the State, and we would intend to respond to questions raised by the DNRC regarding requirements of the Program, the operative documents relating to the State's Bond and the legal issues relating to the type of obligation being purchased by the Program to evidence the Program loan, in this case a municipal revenue bond. In such a response, we would not attempt to advocate a position on behalf of either the State or the City, but to respond in our capacity as bond counsel with respect to the State's outstanding Bond. While we would attempt to render independent advice, the potential for a conflict of interest or the appearance of a conflict of interest is present. The State has consented to our acting as bond counsel for the City's Bond.

We trust that our serving as bond counsel to the City and as bond counsel to the State with respect to the Program is acceptable to the City. If so, please sign the attached Acknowledgment and return the same to us at your earliest convenience.

Ms. Heidi Jensen
June 21, 2016
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If there are any questions, please give us a call so we can answer those questions or provide any additional information about our firm or our qualifications to serve the City in this capacity.

Very truly yours,

Dan Semmens

A handwritten signature in black ink, appearing to read 'Dan Semmens', written over the printed name.

DPS/dg

ACKNOWLEDGMENT

The undersigned acknowledges receipt of the attached and foregoing engagement letter dated June 21, 2016 and confirms consent to the representation described therein on behalf of the City.

CITY OF LAUREL, MONTANA

By Marta Mae
Its Mayor