

NOTICE OF PASSAGE OF RESOLUTION OF INTENTION TO CREATE
SPECIAL IMPROVEMENT DISTRICT NO. 1 AND TO ISSUE THE CITY'S SPECIAL
IMPROVEMENT DISTRICT NO. 1 BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF UP
TO \$1,238,000 SECURED BY A DISTRICT RESERVE AND THE CITY'S SPECIAL
IMPROVEMENT DISTRICT REVOLVING FUND
CITY OF RED LODGE, MONTANA

NOTICE IS HEREBY GIVEN that on April 24, 2018, the City Council of the City of Red Lodge, Montana (the "City"), adopted a Resolution of Intention to Create Special Improvement District No. 1 (the "District") for the purpose of financing the costs of certain local improvements and paying costs incidental thereto, including costs associated with the sale and the security of special improvement district bonds of the City drawn on the District (the "Bonds"), the creation of the District, funding a deposit to the City's Special Improvement District Revolving Fund (the "Revolving Fund"), and the funding of a reserve account securing the Bonds in the District fund (the "Reserve Account").

A complete copy of the Resolution of Intention (the "Resolution") is on file with the City Clerk-Treasurer's office which more specifically describes the nature of the Improvements (as defined below), the boundaries and the area included in the District, the location of the Improvements and other matters pertaining thereto and further particulars. A map of the proposed District is available upon request.

The general character of the Improvements is design, engineering and construction of street improvements and related improvements. The Improvements consist of two general components: the "Chip Seal Component" and the "Scrub Seal Component." The Chip Seal Component will be undertaken with respect to all public streets in the District. The Scrub Seal Component will be undertaken with respect to all or portions of Lazy M Street, Upper Continental Drive, Continental Circle, Country Club Drive, Lower Continental Drive, Lobo Court, Sundog Court, Bobcat Circle, Kane Circle, Silver Circle, Lazy M Circle, Barrier Circle West, Barrier Circle East, Bear Paw Circle, Bigfoot Circle and Pine Ridge Circle, all of which are public streets.

The total estimated costs of the Chip Seal Component and the Scrub Seal Component (together, the "Improvements") and all associated costs are \$1,299,900. \$61,900 of the costs of the Improvements will be contributed by the City. Proceeds of the Bonds in the amount of \$1,238,000 would pay the balance of the costs of the Improvements and incidental costs.

The Bonds are to be payable primarily from special assessments to be levied against benefited properties in the District, which properties will be specially benefited by the Improvements in an amount not less than \$1,238,000, and the Bonds will be secured by the Reserve Account and the Revolving Fund. The City will fund deposits to the Reserve Account and the Revolving Fund from proceeds of the Bonds, each in the amount of 5% of the principal amount of the Bonds. The Reserve Account will be utilized to fund any debt service deficiencies related to this District before resorting to the Revolving Fund. **Subject to the limitations of Montana Code Annotated, Section 7-12-4222, the general fund of the City may be used to provide loans to the Revolving Fund or a general tax levy may be imposed on all taxable property in the City to meet the financial requirements of the Revolving Fund.**

The District includes properties created as condominiums. For purposes of spreading assessments, each condominium unit is considered a separate parcel of land, subject to separate and equal assessment in the same manner as lots, tracts and parcels of land in the District not created as condominiums, and the lien of the assessment shall attach to each condominium unit. The parcel of land constituting the common interest area or common elements of each lot, tract or parcel created as a condominium will not be separately assessed for the Improvements.

All lots, tracts, parcels and units within the District will be assessed depending, among other things, on whether the lot, tract, parcel or unit is used for residential or nonresidential purposes. There are currently 663 lots, tracts, parcels and units in the District that are used or available to be used for residential purposes. There are currently 8 lots, tracts, parcels and units in the District that are used for nonresidential purposes, all of which are attributable to a golf course and country club (the "Golf Course Properties"). Each lot, tract, parcel and unit in the District that is used for nonresidential purposes, including the Golf Course Properties and any lots, tracts, parcels or units in the District that are converted to nonresidential use in the future and are then being used for a nonresidential purpose, will be treated as the equivalent of 1.5 residential lots, tracts, parcels or units.

Properties in the District with addresses on the streets receiving the Scrub Seal Component, or who access their properties by private roads accessible from such streets, are referred to herein as being located in the "South" of the District. All of the Golf Course Properties (as defined below) are considered to be in the South. The other properties in the District are referred to as being located in the "North" of the District.

Costs of the Chip Seal Component will be assessed against all lots, tracts, parcels and units in the District, based on an equal amount per residential equivalent lot, tract, parcel or unit, as described in Section 7-12-4162, M.C.A. Costs of the Chip Seal Component are expected to be approximately 63% of the total costs of the Improvements and incidental costs to be financed with proceeds of the Bonds, or \$779,940.

Twenty percent (20%) of the costs of the Scrub Seal Component will be assessed against all lots, tracts, parcels and units in the North of the District, based on an equal amount per residential equivalent lot, tract, parcel or unit, as described in Section 7-12-4162, M.C.A. Eighty percent (80%) of the costs of the Scrub Seal Component will be assessed against all lots, tracts, parcels and units in the South of the District, based on an equal amount per residential equivalent lot, tract, parcel or unit, as described in Section 7-12-4162, M.C.A. Costs of the Scrub Seal Component are expected to be approximately 37% of the total costs of the Improvements and incidental costs to be financed with proceeds of the Bonds, or \$458,060.

Based on the information presented above, the total principal amount of the assessment for costs of the Improvements and incidental costs for each residential equivalent lot, tract, parcel or unit in the North of the District is estimated to be \$1,595.91 and the total principal amount of the assessment for costs of the Improvements and incidental costs for each residential equivalent lot, tract, parcel or unit in the South of the District is estimated to be \$1,940.16.

If an increase occurs in the number of benefited lots, tracts, parcels or units within the boundaries of the District during the term of the Bonds (including, without limitation, an increase in the number of condominium units), or the number of lots, tracts, parcels or units used for nonresidential purposes increases, the Council will recalculate the amount assessable to each lot, tract, parcel and unit. The recalculation will be based on the amount of the District's outstanding principal of and interest on the Bonds for the current fiscal year and the City will spread the assessments across the District based on the number of benefited lots, tracts, or parcels within the boundaries of the District as of the July 1 following the action that resulted in the increase in the number of benefited lots, tracts, parcels or units, or the increase in the number of lots, tracts, parcels or units used for nonresidential purposes, all as provided in Section 7-12-4162(3)(b), M.C.A. In doing so, the Council will comply with Sections 7-12-4176 through 7-12-4178, M.C.A.

From and after creation of the District the lien of the special assessments to pay or finance the costs of the Improvements and incidental costs is not extinguished or diminished by the combination or

consolidation of multiple lots into fewer lots; accordingly, the area consisting of the combined or consolidated lot or lots will be assessed in an amount equal to the amount it would have been assessed had the combination or consolidation of lots not occurred. The preceding sentence applies with equal force to condominium units and any reduction in number of condominium units.

A complete copy of the Resolution of Intention, which includes the proposed assessment for each property in the District, is on file with the Secretary of the District and is available for public inspection.

Any owner of real property within the District subject to assessment for the cost and expense of making the Improvements may make and file written protest against the proposed levy of assessments with the City Clerk-Treasurer's office until 5:00 p.m., M.T., May 18, 2018.

Such protest:

- shall be in writing, clearly identify the protestor and the property in the District owned by the protestor (by, for example, street address of the property to be assessed, property tax identification number or legal description or other means that identifies the property with reasonable clarity), and be signed by all owners of the property;
- shall be either (i) sent by mail to the City Clerk-Treasurer, P.O. Box 9, Red Lodge, MT 59068, or (ii) delivered in person to the City Clerk-Treasurer's office located at 1 South Platt Avenue, in Red Lodge, Montana; and
- shall be received by the City Clerk-Treasurer by not later than 5 p.m. on Friday, May 18, 2018.

A mailed protest that is received by the District after 5:00 p.m. on May 18, 2018 will not be counted notwithstanding that it is postmarked before May 18, 2018. The City Clerk-Treasurer shall endorse on the protest the date and hour of receipt of the protest by him or her.

Further information regarding the proposed District or the Bonds or other matters in respect thereof may be obtained from Mayor Bill Larson at mayor@cityofredlodge.com or by telephone at (406) 446-1606, ext. 115.

Dated as of April 24, 2018.

BY ORDER OF THE CITY COUNCIL
OF THE CITY OF RED LODGE, MONTANA

/s/ Loni Hanson
City Clerk-Treasurer

(Publication Dates: May 3, 2018 and May 10, 2018)