

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of Sun Prairie Village County Water and Sewer District, Montana (the "District"), hereby certify that the attached resolution is a true copy of Resolution No. _____, entitled: "RESOLUTION OF INTENTION OF THE SUN PRAIRIE VILLAGE COUNTY WATER AND SEWER DISTRICT, MONTANA TO MODIFY AND INCREASE RATES FOR THE USERS OF THE WATER SYSTEM AND SEWER SYSTEM; AND CALLING A PUBLIC HEARING THEREON" (the "Resolution"), on file in the original records of the District in my legal custody; that the Resolution was duly adopted by the Board of Directors of the District at a meeting on May 10, 2022, and that the meeting was duly held by the Board of Directors 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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, the following Directors voted in favor thereof: _____
_____ ; voted against the same: _____
_____ ; abstained from voting thereon: _____
_____ ; or were absent: _____.

WITNESS my hand officially this 10th day of May, 2022.

Secretary

RESOLUTION NO. _____

RESOLUTION OF INTENTION OF THE SUN PRAIRIE
VILLAGE COUNTY WATER AND SEWER DISTRICT,
MONTANA TO MODIFY AND INCREASE RATES FOR THE
USERS OF THE WATER SYSTEM AND SEWER SYSTEM;
AND CALLING A PUBLIC HEARING THEREON

RECITALS

WHEREAS, the Sun Prairie Village County Water and Sewer District, Montana (the “District”) is a county water and sewer district, validly organized pursuant to Title 7, Chapter 13, Parts 22 and 23, Montana Code Annotated (“MCA”); and

WHEREAS, the District has established and currently operates a water system (the “Water System”) and a wastewater system (the “Sewer System”); and

WHEREAS, the District intends to undertake certain improvements to the Sewer System, a portion of the costs of which is expected to be paid from the proceeds of sewer system revenue bonds to be issued by the District; and

WHEREAS, it is necessary for the District to collect sufficient revenues pay the costs associated with the operation and maintenance of the Water System and Sewer System, to pay debt service related to outstanding bonds of the Water System and the proposed bonds of the Sewer System, and to establish appropriate reserves; and

WHEREAS, under Section 7-13-2301, MCA, the Board of Directors (the “Board”) of the District is directed to fix and cause to be collected rates and charges for the use and availability of the Water System and Sewer System; and

WHEREAS, pursuant to Section 7-13-2275, MCA, the Board 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.

NOW, THEREFORE, BE IT RESOLVED by the Board of the District as follows:

Section 1. Intent to Modify Water System and Sewer System Charges. It is the intent of the District to modify and generally increase rates and charges for owners of property in the District and customers of the Water System and Sewer System effective as of its July 2022 billing as set forth herein.

Section 2. Water System.

2.01 Existing Water System Charges. The District currently charges owners of property in the District and customers of the Water System a monthly rate (the “Water Rate”) based on the classification of the property or connection, with properties/connections classified as “undeveloped,” “unoccupied/developed,” “occupied (residential),” “commercial” and

“industrial.” The classifications and the current monthly Water Rate charged to each classification are as shown in the table below:

	Undeveloped	Unoccupied/ Developed	Occupied	Commercial	Industrial
Water Base	\$ 7.39	\$ 7.39	\$ 7.39	\$ 157.01	\$ 158.52
Revenue Bond		13.28	13.28	13.28	13.28
Debt Service		1.33	1.33	1.33	1.33
Water Reserve ¹		10.69	10.69	10.69	10.69
Total Water Rate	\$ 7.39	\$ 32.69	\$ 32.69	\$ 182.31	\$ 183.82

The District also charges each Occupied connection to the Water System a monthly usage charge (the “Water Usage Charge”) equal to \$0.00755 per gallon of water used per month, such that for Occupied connections, the monthly water charge is equal to the Water Rate plus the Water Usage Charge.

2.02 Proposed Water System Charges. Effective as of its July 2022 billing, the District proposes to increase and modify the Water Rate as shown below (the “Proposed Water Rate”):

	Undeveloped	Unoccupied/ Developed	Occupied	Commercial	Industrial
Water Base	\$ 7.76	\$ 7.76	\$ 7.76	\$ 13.89	\$ 55.40
Revenue Bond		11.56	11.56	11.56	11.56
Debt Service		1.16	1.16	1.16	1.16
Water Reserve		14.14	14.14	14.14	14.14
Total Proposed Water Rate	\$ 7.76	\$ 34.62	\$ 34.62	\$ 40.75	\$ 82.26

The District also proposes to adjust its Water Usage Charge to equal \$0.007765 per gallon of water used per month (the “Proposed Water Usage Charge”), and to charge the Proposed Water Usage Charge to all Occupied, Commercial and Industrial connections such that for Occupied, Commercial and Industrial connections, the proposed monthly water charge is equal to the Proposed Water Rate plus the Proposed Water Usage Charge.

2.03 Rate of Water Charge Increase/Decrease. The Proposed Water Rate represents an increase of 4.7% over the current monthly Water Rate for Undeveloped properties and an increase of 5.9% over the current monthly Water Rate for Unoccupied/Developed connections. For an Occupied connection using 5,000 gallons of water per month, the proposed monthly water charge (\$34.62 + \$38.83 = \$73.45) represents an increase of 4.27% over the current monthly water charge (\$32.69 + \$37.75 = \$70.44). For Commercial connections using 5,000 gallons of water per month, the proposed monthly water charge (\$40.75 + \$38.83 = \$79.58) represents a

¹ In the District’s current rate sheet, this line item is broken out into “R&D—RO Treatment,” “Replacement & Depreciation,” “R&D—Vehicle,” and “R&D—Office Equipment.”

56.35% decrease from the current monthly Water Rate (\$182.31). For the Industrial connection, assuming use of 5,000 gallons of water per month, the proposed monthly water charge (\$82.26 + \$38.83 = \$121.09) represents a 34.13% decrease from the current monthly Water Rate (\$183.82).

Section 3. Sewer System.

3.01 Existing Sewer System Charges. The District currently charges owners of property in the District and customers of the Sewer System a monthly rate (the “Sewer Rate”) based on the classification of the property or connection, with properties/connections classified as “undeveloped,” “unoccupied/developed,” “occupied (residential),” “commercial” and “industrial.” One Occupied property connected to the Water System is not connected to or charged for the Sewer System. The classifications and the current monthly Sewer Rate charged to each classification are as shown in the table below:

	Undeveloped	Unoccupied/ Developed	Occupied	Commercial	Industrial
Sewer Base	\$ 7.04	\$ 7.04	\$ 7.04	\$ 7.04	\$ 103.97
Sewer Reserve ²		5.01	5.01	5.01	5.01
Metered			17.46	18.11	
Total Sewer Rate	\$ 7.04	\$ 12.05	\$ 29.51	\$ 30.16	\$ 108.98

3.02 Proposed Sewer System Charges.

(a) Effective as of its July 2022 billing, the District proposes to increase and modify the Sewer Base Rate as shown below (the “Proposed Sewer Rate”):

	Undeveloped	Unoccupied/ Developed	Occupied	Commercial	Industrial
Sewer Base	\$ 7.39	\$ 7.39	\$ 7.39	\$ 13.23	\$ 52.78
Revenue Bond		7.94	7.94	7.94	7.94
Debt Service		0.79	0.79	0.79	0.79
Sewer Reserve		7.13	7.13	7.13	7.13
Total Proposed Sewer Rate	\$ 7.39	\$ 23.25	\$ 23.25	\$ 29.09	\$ 68.64

(b) For Occupied, Commercial and Industrial connections, the District also proposes to add a sewer usage charge to equal \$0.00261 per gallon of water used per month (the “Proposed Sewer Usage Charge”). For the months of September through April, the Proposed Sewer Usage Charge will be based on actual gallons of water used in such month. For the months of May through August, the Proposed Sewer Usage Charge will be based on the average number of gallons of water used per month during the most recent period from September through April.

² In the District’s current rate sheet, this line item is broken out into “Replacement and Depreciation,” “R&D—Vehicle” and “R&D—Office Equipment.”

(c) For Occupied, Commercial and Industrial connections, the proposed monthly sewer charge is equal to the Proposed Sewer Rate plus the Proposed Sewer Usage Charge.

3.03 Rate of Sewer Charge Increase/Decrease. The Proposed Sewer Rate represents an increase of 4.97% over the current Sewer Rate for Undeveloped properties and an increase of 93% over the current Sewer Rate for Unoccupied/Developed connections. For an Occupied connection using 5,000 gallons of water per month, the proposed monthly sewer charge (\$23.25 + \$13.05= \$36.30) represents an increase of 23% over the current Sewer Rate (\$29.51). For a Commercial connection using 5,000 gallons of water per month, the proposed monthly sewer charge (\$29.09 + \$13.05= \$42.14) represents an increase of 39.7% over the current Sewer Rate (\$30.16). For the Industrial connection, assuming the use of 5,000 gallons of water per month, the proposed monthly sewer charge (\$68.64 + \$13.05 = \$81.69) represents a decrease of 25% from the current Sewer Rate (\$108.98).

Section 4. Determination of Annual Budget for Water System and Sewer System. At least once every year, the Board of the District shall determine the amount of money needed to pay the costs of the Water System and Sewer System, including but not limited to: (a) the payment of the reasonable expense of operation and maintenance of the Water System and Sewer System; (b) administration of the Water System and Sewer System; (c) the payment of principal and interest on any bonded or other indebtedness of the Water System and/or Sewer 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 Board or as covenanted in the ordinance or resolution authorizing any outstanding bonds of the Water System and/or Sewer System. Based on the annual needs of the Water System and Sewer System, the Board will establish monthly charges for the use of the Water System and Sewer System.

Section 5. Further Rate Increases. Subsequent adjustment to the rates and charges for the use of the Water System and Sewer System will be made by a resolution of the Board of Directors duly adopted after a public hearing with notice thereof given as provided by law, if required.

Section 6. Public Hearing. A public hearing on the proposed rate increases will be held at a meeting of the Board scheduled for June 14, 2022, commencing at 6:30 p.m. in the District Office located at 1047 Grant Drive in Great Falls, Montana.

Section 7. Notice. The District Secretary is hereby authorized and directed to publish or cause to be published a copy of a notice of the passage of this resolution in the *Great Falls Tribune*, a newspaper of general circulation in the District, on May 22, 2022 and May 29, 2022, in the form and manner prescribed by law, and to mail or cause to be mailed a copy of said notice to all persons who own property in the District and to all customers of the District at least 7 days and not more than 30 days prior to the public hearing. The mailed notice must contain an estimate of the amount that the property owner or customer will be charged under the proposed resolution.

Passed and approved this 10th day of May, 2022.

President, Board of Directors

Attest:

Secretary

DRAFT