

Memorandum

REPORT TO: City Commission

FROM: Aaron Funk, Controller
Melissa Hodnett, Finance Director

SUBJECT: Authorize the Mayor to Approve the Special Improvement District 789 (Riverside Neighborhood) Bond Resolution, Series 2026 and the Subordinate Lien Revenue Bond Resolution, Series 2026A from the Department of Natural Resources and Conservation Water Pollution Control State Revolving Loan Program.

MEETING DATE: June 2, 2026

AGENDA ITEM TYPE: Resolution

RECOMMENDATION: Authorize the Mayor to Approve the Special Improvement District 789 (Riverside Neighborhood) Bond Resolution, Series 2026 and the Subordinate Lien Revenue Bond Resolution, Series 2026A from the Department of Natural Resources and Conservation Water Pollution Control State Revolving Loan Program.

STRATEGIC PLAN: 2.2 Infrastructure Investments: Strategically invest in infrastructure as a mechanism to encourage economic development.

BACKGROUND: In April 2022, the Riverside neighborhood was officially annexed into the City of Bozeman per Resolution 5355. Following the annexation, Riverside worked with the City to create a special improvement district (SID) to connect its failing lagoon-based wastewater system to the City's infrastructure.

On November 19, 2024, Resolution 5647 - Intent to Create SID 789 was passed for the purpose of wastewater improvements to annexed properties of the Riverside Community.

On December 17, 2024, Resolution 5648 was passed creating SID 789 to finance the costs of improvements in and serving the Riverside District. The City received no protests from the owners of properties subject to assessment.

The costs to construct the improvements were paid for from the Wastewater Fund. Upon substantial completion the City planned to finance the project and will be reimbursed for all project costs through the issuance of SID bonds and a forgivable subordinate revenue bond from the DNRC Revolving Loan Program.

UNRESOLVED ISSUES: None.

ALTERNATIVES: As suggested by Commission.

FISCAL EFFECTS: The Series 2026A Subordinate Revenue bond for \$850,000 is forgivable. No debt payments or additional costs will be incurred related to this bond. Debt forgiveness is anticipated in fiscal year 2027 upon final inspections by DNRC. The Series 2026 SID 789 Bond for \$1,692,00 will be paid for through the assessment of properties in SID 789. Assessments will begin in fiscal year 2027 to meet semi annual debt payments to DNRC, beginning 1/1/2027.

Attachments:

[Bond Resolution Special Improvement District No. 789, Series 2026.pdf](#)

[Bond Resolution Waste Water Revenue Forgivable Bond, Series 2026A.pdf](#)

Report compiled on: May 20, 2026