

RESOLUTION NO. 2021-10

A RESOLUTION OF THE TOWN OF TWIN BRIDGES, MONTANA, AUTHORIZING THE ISSUANCE OF ITS STORM WATER SPECIAL IMPROVEMENT DISTRICT NO. 1 BOND (DNRC SRF LOAN PROGRAM), SERIES 2021; CREATING SPECIAL FUNDS AND ACCOUNTS FOR THE ADMINISTRATION OF MONEY DERIVED THEREFROM AND AUTHORIZING THE ISSUANCE AND SALE AND DEFINING THE TERMS AND THE MANNER OF PAYMENT OF SUCH BOND

WHEREAS, pursuant to the Montana Water Pollution Control State Revolving Fund Act, Montana Code Annotated, Title 75, Chapter 5, Part 11, as amended (the "Act"), the State of Montana (the "State") has established a revolving loan program (the "Program") to be administered by the Department of Natural Resources and Conservation of the State of Montana, an agency of the State (the "DNRC"), and by the Department of Environmental Quality of the State of Montana, an agency of the State (the "DEQ"), and has provided that a Water Pollution Control State Revolving Fund (the "Revolving Fund") be created within the state treasury and all federal, state and other funds for use in the Program be deposited into the Revolving Fund, including, but not limited to, all federal grants for capitalization of a state water pollution control revolving fund under the Federal Water Pollution Control Clean Water Act (also known as the "Clean Water Act"), all repayments of assistance awarded from the Revolving Fund, interest on investments made on money in the Revolving Fund and payments of principal of and interest on loans made from the Revolving Fund; and

WHEREAS, the Act provides that funds from the Program shall be disbursed and administered for the purposes set forth in the Clean Water Act and according to rules adopted by the DEQ and the DNRC; and

WHEREAS, the Town of Twin Bridges, Montana (the "Borrower" or "Town") has applied to the DNRC for a loan (the "Loan") from the Revolving Fund to enable the Borrower to finance the costs of the Project (as hereafter defined) which is within the purposes of the Clean Water Act; and

WHEREAS, on December 10, 2018, after several public meetings and engineering reports on storm water issues, the Town passed its Resolution No. 2018-13, which was a Resolution of Intention to Create Storm Water Special Improvement District No. 1 for a stormwater drainage improvement project. The Town then sent notice of the passage of Resolution No. 2018-13 to all property owners proposed to be benefited by the proposed improvements; and

WHEREAS, on December 13, 2018, the Town published and mailed notice of its intention to create Special Improvement District No. 1 (the "District"), pledge the Town's SID Revolving Fund, and levy special assessments against the benefited properties in the Borrower to pay for the project as described in Resolution No. 2018-13; and

WHEREAS, on January 8, 2019, the Town held a hearing to consider protests and objections to the creation of the District and the pledge of the SID Revolving Fund and levy of Special Assessments, and after consideration, the Board passed its Resolution No. 2019-01, which determined that, out of 259 parcels proposed to be benefited, there were 14 written protests and that such was an insufficient protest (5%) to create the District and authorized the levy described on Exhibits A and B to such Resolution No. 2018-13; and

WHEREAS, on the basis of the passage of Resolution No. 2019-01 and the creation of the Town's Special Improvement District No. 1, the Town issued its \$250,000 Bond Anticipation Note, Series 2019 (the "BAN") to DNRC to obtain funds to pay for materials and work on the first phase of the Project (the section of West Sixth Avenue near the Twin Bridges School, from Wray Street to Main Street) with the understanding that the BAN would be paid off with the permanent financing of the Project through the SID Bond; and

WHEREAS, in August of 2020, the Town passed its Resolution No. 2020-07 creating its Special Improvement District Revolving Fund and agreed to pledge such fund to secure special improvement district bonds' and

WHEREAS, in the summer of 2020 and spring of 2021, the Borrower completed construction of the 6th Avenue portion of the project, in coordination with a separate Montana Department of Transportation ("MDT") project; and

WHEREAS, in August of 2020, the Borrower received construction bids for the remaining proposed improvements for the Project. The Borrower has obtained a funding commitment from the Montana Department of Natural Resources and Conservation (the "DNRC") under its SRF Program for purchase of the Borrower's \$600,000 Storm Water Special Improvement District No. 1 Bond (DNRC SRF Program) Series 2021 (the "Series 2021 Bond") and a commitment of grant funds from Madison County ARPA funds of \$225,0000 for the Project; and

WHEREAS, pursuant to Title 7, Chapter 12, Parts 41 and 42, MCA, the Borrower is authorized to issue special improvements district bonds under certain circumstances and to create and pledge the Borrower's SID Revolving Fund to the payment of the special improvements district bonds; and

WHEREAS, the Borrower is authorized under applicable laws, ordinances and regulations to adopt this Resolution and to issue the Series 2021 Bond (as hereinafter defined) to evidence the Series 2021 Loan for the purposes set forth herein; and

WHEREAS, the DNRC will fund the Series 2021 Loan in part, directly or indirectly, with proceeds of the DNRC Water Pollution Control State Revolving Fund Revenue Bonds (the "State Bonds") and in part, directly or indirectly, with funds provided by the United States Environmental Protection Agency.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL AS FOLLOWS:

ARTICLE I

DEFINITIONS, RULES OF CONSTRUCTION AND EXHIBITS

Section 1.1. Definitions. In this Resolution, unless a different meaning clearly appears from the context:

“Accountant” or “Accountants” means an independent certified public accountant or a firm of independent certified public accountants satisfactory to the DNRC.

“Act” means Montana Code Annotated, Title 75, Chapter 5, Part 11, as amended from time to time.

“Administrative Expense Surcharge” means a surcharge on the Loan charged by the DNRC to the Borrower equal to twenty-five hundredths of one percent (0.25%) per annum on the outstanding principal amount of the Series 2021 Loan, payable by the Borrower on the same dates that payments of interest on the Series 2021 Loan are due.

“Acquisition and Construction Account” or “Construction Account” means the segregated account within the Fund established pursuant to Section 11.1 of this Resolution.

“Authorized DNRC Officer” means the Director of the DNRC or his or her designee.

“Bond Counsel” means any Counsel nationally recognized as experienced in matters relating to the issuance by states or political subdivisions of tax-exempt obligations selected by the Borrower and acceptable to the DNRC.

“Bond” means the Series 2021 Bond.

“Borrower” or “Town” means the Town of Twin Bridges, Madison County, Montana.

“Business Day” means any day which is not a Saturday or Sunday, a legal holiday in the State or a day on which banks in Montana are authorized or required by law to close.

“Clean Water Act” means the Federal Water Pollution Control Act, 33 USC 1251-1387, as amended and regulations, rules and interpretations of EPA promulgated thereunder.

“Closing” means the date of delivery of the Series 2021 Bond to the DNRC.

“Code” means the Internal Revenue Code of 1986, as amended.

“Consultant” means a nationally recognized consultant or firm of consultants, or an independent engineer or firm of independent engineers, or an Accountant, which in any case is qualified and has skill and experience in the preparation of financial feasibility studies or projections for facilities similar to the System or the Project, selected by the Borrower and satisfactory to the DNRC.

“Counsel” means an attorney duly admitted to practice law before the highest court of any state and satisfactory to the DNRC.

“County ARPA Grant” means the \$225,000 commitment to the Project by Madison County Commissioners from their American Rescue Plan Act funds.

“DEQ” means the Department of Environmental Quality of the State of Montana, an agency of the State, or any successor to its powers, duties and obligations under the Act or the EPA Agreements.

“District” means the Storm Water Special Improvement District No. 1 created by Town Resolution No. 2019-01.

“DNRC” means the Department of Natural Resources and Conservation of the State of Montana, an agency of the State, and any successor to its powers, duties and obligations under the Act.

“Enabling Act” means Montana Code Annotated, Title 7, Chapter 12, Parts 42 and 43, as amended, which authorizes the Borrower to undertake the Project, pledge the SID Revolving Fund and to issue the Series 2021 Bond to finance the costs of the Project through special assessments.

“EPA” means the Environmental Protection Agency, an agency of the United States of America, and any successor to its functions under the Clean Water Act.

“EPA Agreements” means all capitalization grant agreements and other written agreements between the Department of Environmental Quality of the State and the EPA concerning the Program.

“EPA Capitalization Grant” means a grant of funds to the State by the EPA under Title VI of the Clean Water Act and any grant from EPA for deposit into the Revolving Fund pursuant to Section 205(m) of the Clean Water Act.

“Fund” means the Stormwater Special Improvement District No. 1 Fund maintained as a separate fund by the Borrower.

“Governmental Unit” means governmental unit as such term is used in Section 145(a) of the Code.

“Improvements” means the storm inlets, grates and infiltration structures with grading and fill and paving in the various areas of the Town to assist in controlling stormwater and funded by the Bond.

“Indenture” means the Indenture of Trust, dated as of June 1, 1991, between the Board of Examiners of the State and the Trustee, as such may be supplemented or amended through

August 1, 2020, and as further amended from time to time in accordance with the provisions thereof, pursuant to which, among other things, the State Bonds are to be or have been issued.

“Interest Account” means the sub-account within the Fund established pursuant to Section 11.1 hereof and further described in Section 11.3 hereof.

“Loan Loss Reserve Surcharge” means a fee, charged by DNRC, equal to twenty-five hundredths of one percent (0.25%) per annum on the outstanding principal amount of the Series 2021 Loan, payable on the same dates that payments of interest on the Series 2021 Loan are due.

“Opinion of Counsel” means a written opinion of Counsel.

“Person” means any individual, corporation, partnership, joint venture, limited liability company, limited liability partnership, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Program” means the Water Pollution Control State Revolving Fund Program established by the Act.

“Principal Sub-Account” means the sub-account within the Series 2021 Special Assessment Account established pursuant to Section 11.1 hereof and further described in Section 11.3 hereof.

“Project” means the financing, planning and construction of the Improvements and more particularly described in Exhibit A hereto.

“Public Entity” means a State agency, municipality, irrigation district, county water and sewer district, a soil conservation district or other public body created pursuant to State law or an Indian tribe that has a federally recognized governing body carrying out substantial governmental duties and powers over any area.

“Regulations” means the Treasury Regulations, whether final, temporary or proposed, promulgated under the Code or otherwise applicable to the Series 2021 Bond.

“Series 2019 Bond Anticipation Note” or “BAN” means the \$250,000 BAN issued by the Town under Resolution No. 2019-04.

“Series 2021 Bond” or “Bond” means the Borrower’s \$600,000 Storm Water Special Improvement District No. 1 Bond (DNRC SRF Loan Program), Series 2021, issued to the DNRC to evidence the Loan.

“Series 2021 Loan” means the loan made to the Borrower by the DNRC pursuant to the Program to provide funds to pay all or a portion of the costs of the Project, payable under the Program and to fund deposits to the Series 2021 Reserve Account and the SID Revolving Fund.

“Series 2021 Reserve Account” means the account within the Fund established pursuant to Sections 11.1 hereof and further described in Section 11.4 hereof.

“Series 2021 Reserve Requirement” means, as of the date of calculation, an amount equal to one-half of the maximum principal of and interest payable on the outstanding balance of the Series 2021 Bond in the current or any future fiscal year.

“Series 2021 Special Assessments” or “Special Assessment” means the assessments to be levied annually by Madison County upon the benefited property in the District for the payment of the principal of and interest on the Series 2021 Bond plus, as provided in Section 7 of Resolution No. 2018-13, one-half of one percent additional interest as required by Section 7-12-4189(1)(a), MCA.

“SID Revolving Fund” means the special fund created by Resolution No. 2020-07 to support the prompt payment of certain special improvement district bonds to which the SID Revolving Fund has been pledged.

“State” means the State of Montana.

“State Bonds” means the State’s General Obligation Bonds (Water Pollution Control Revolving Fund Program), issued pursuant to the Indenture.

“Trustee” means U.S. Bank National Association, in Seattle, Washington, or any successor trustee under the Indenture.

Section 1.2. Other Rules of Construction. For all purposes of this Resolution, except where the context clearly indicates otherwise:

(a) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted government accounting standards.

(b) Terms in the singular include the plural and vice versa.

(c) All references to time shall refer to Helena, Montana time, unless otherwise provided herein.

(d) All references to mail shall refer to first-class mail postage prepaid.

(e) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(f) “Or” is not exclusive, but is intended to permit or encompass one, more or all of the alternatives conjoined.

Section 1.3. Exhibits. Attached to this Resolution and hereby made a part hereof are the following Exhibits:

Exhibit A: a description of the Project, including the proposed budget for construction;

Exhibit B: the form of the Series 2021 Bond.

ARTICLE II

REPRESENTATIONS AND COVENANTS

Section 2.1. Representations. The Borrower represents as follows:

(a) Organization and Authority. The Borrower:

(i) is duly organized and validly existing as a Town created under Title 7, Chapter 1, Part 41 Montana Code Annotated and is a political subdivision of the State;

(ii) has all requisite power and authority and all necessary licenses and permits required as of the date hereof to construct and own stormwater drainage improvements for its residents, to adopt this Resolution and to issue the Series 2021 Bond and to carry out and consummate all transactions contemplated by this Resolution and the Bond;

(iii) is a governmental unit and a public entity; and

(iv) has taken all proper action to authorize the execution, delivery and performance of its obligations under this Resolution, the Series 2021 Bond and the imposition of special assessments for payment of the Series 2021 Bond.

(b) Litigation. There is no litigation or proceeding pending, or to the knowledge of the Borrower threatened, against or affecting the Borrower in any court or before or by any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the existence, corporate or otherwise, of the Borrower, or the ability of the Borrower to make all payments and otherwise perform its obligations under this Resolution, the Series 2021 Bond, or the financial condition of the Borrower, or the transactions contemplated by this Resolution, the Series 2021 Bond or the validity and enforceability of this Resolution and the Series 2021 Bond. If any such litigation should be initiated or threatened, the Borrower will forthwith notify in writing the DNRC, and will furnish the DNRC a copy of all documents, including pleadings, in connection with such litigation. No referendum petition has been filed with respect to any resolution or other action of the Borrower relating to the Project, the Series 2021 Bond and the period for filing any such petition will have expired before issuance of the Series 2021 Bond.

(c) Borrowing Legal and Authorized. The adoption of this Resolution, the execution and delivery of the Series 2021 Bond and the consummation of the transactions provided for in this Resolution, Resolution No. 2019-01, the SID Revolving Fund Resolution and the Series 2021

Bond and compliance by the Borrower with the provisions of this Resolution and the Series 2021 Bond:

(i) are within the powers of the Borrower and have been duly authorized by all necessary action on the part of the Borrower; and

(ii) do not and will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Borrower pursuant to any resolution, indenture, loan agreement or other agreement or instrument (other than this Resolution) to which the Borrower is a party or by which the Borrower or its property may be bound, nor will such action result in any violation of the provisions of the charter or similar document, if applicable, of the Borrower or any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Borrower, its properties or operations are subject.

(d) No Defaults. No event has occurred and no condition exists that, upon execution and delivery of the Series 2021 Bond, would constitute a default under this Resolution. The Borrower is not in violation of any term of any agreement, bond resolution, trust indenture, charter or other instrument to which it is a party or by which it or its property may be bound which violation would materially and adversely affect the transactions contemplated hereby or the compliance by the Borrower with the terms hereof or of the Series 2021 Bond.

(e) Governmental Consent. The Borrower has obtained or made all permits, findings and approvals required to the date of adoption of this Resolution by any governmental body or officer for the making and performance by the Borrower of its obligations under this Resolution, the Series 2021 Bond or for the Project, the financing or refinancing thereof or the reimbursement of the Borrower for the costs thereof. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority (other than those, if any, already obtained) is required on the part of the Borrower as a condition to adopting this Resolution, issuing the Series 2021 Bond or the performance of the Borrower's obligations hereunder.

(f) Binding Obligation. This Resolution and the Series 2021 Bond are the valid and binding special obligations and agreements of the Borrower, enforceable against the Borrower in accordance with their terms except to the extent that the enforceability thereof may be limited by laws relating to bankruptcy, moratorium, reorganization, insolvency or similar laws affecting creditors' rights and general principles of equity.

(g) The Project. The Project consists of the planning, design, construction and financing of the Improvements as described in Exhibit A hereto, as such Exhibit A may be amended from time to time in accordance with the provision of Article III of this Resolution.

(h) Full Disclosure. There is no fact that the Borrower has not specifically disclosed in writing to the DNRC that materially and adversely affects or (so far as the Borrower can now foresee), except for pending or proposed legislation or regulations that are a matter of general

public information, that will materially and adversely affect the properties, operations and finances of the Borrower, the Borrower's status as a public entity and governmental unit, or the Borrower's ability to perform its obligations under this Resolution, the Series 2021 Bond and to levy the Special Assessments pledged to the payment of the Series 2021 Bond.

(j) Compliance With Law. The Borrower:

(i) is in compliance with all laws, ordinances, governmental rules and regulations and court or other governmental orders, judgments and decrees to which it is subject and which are material to the properties, operations and finances as a Public Entity and Governmental Unit; and

(ii) has obtained all licenses, permits, franchises or other governmental authorizations necessary to the ownership of the Project and the operation thereof and agrees to obtain all such licenses, permits, franchises or other governmental authorizations as may be required in the future for the Project or the Borrower's ability to perform its obligations under this Resolution and the Series 2021 Bond.

Section 2.2. Covenants.

(a) Insurance. The Borrower at all times shall keep and maintain, with respect to its property, casualty and liability insurance with financially sound and reputable insurers, or self-insurance as authorized by State law, against such risks and in such amounts, and with such deductible provisions, as are customary in the State in the case of entities of the same size and type as the Borrower and similarly situated and shall carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for all such insurance. All such insurance policies shall name the DNRC as an additional insured. Each policy must provide that it cannot be cancelled by the insurer without giving the Borrower and the DNRC 30 days prior written notice. The Borrower shall give the DNRC prompt notice of each insurance policy it obtains or maintains to comply with this Section 2.2(a) and of each renewal, replacement, change in coverage or deductible under or amount of or cancellation of each such insurance policy and the amount and coverage and deductibles and carrier of each new or replacement policy. Such notice shall specifically note any adverse change as being an adverse change. The Borrower shall deliver to the DNRC at Closing a certificate providing the information required by this Section 2.2(a).

(b) Right of Inspection and Notice of Change of Location. The DNRC, the DEQ and the EPA and their designated agents shall have the right at all reasonable times during normal business hours and upon reasonable notice to enter into and upon the property of the Borrower for the purpose of inspecting the Project or any or all books and records of the Borrower relating to the Project.

(c) Further Assurance. The Borrower shall execute and deliver to the DNRC all such documents and instruments and do all such other acts and things as may be necessary or required by the DNRC to enable the DNRC to exercise and enforce its rights under this Resolution and the Series 2021 Bond and to realize thereon, and record and file and re-record and refile all such

documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or required by the DNRC to validate, preserve and protect the position of the DNRC under this Resolution and the Series 2021 Bond.

(d) Special Improvement District Covenants.

(i) Compliance with Resolution. The Borrower will hold the District Fund and the SID Revolving Fund as trust funds, separate and apart from all of its other funds, and the Borrower, its officers and agents, will comply with all covenants and agreements contained in this resolution. The provisions hereinabove made with respect to the District Fund and the SID Revolving Fund are in accordance with the undertaking and agreement of the Borrower made in connection with the operation of Section 7-12-4225, MCA and Resolution No. 2018-13.

(ii) Construction of Improvements. The Borrower will do all acts and things necessary to enforce the provisions of the construction contracts and bonds and to ensure the completion of the Improvements for the benefit of the District in accordance with the plans and specifications and within the time therein provided, and will pay all costs thereof promptly as incurred and allowed, out of the Construction Account and within the amount of the proceeds of the Bond appropriated thereto.

(iii) Levy of Assessments. The Borrower will do all acts and things necessary for the final and valid levy of Special Assessments upon all assessable real property within the boundaries of the District in accordance with the Constitution and laws of the State of Montana and the Constitution of the United States in the aggregate principal amount of \$600,000.

Such Special Assessments shall be levied on the basis prescribed in Resolution No. 2018-13 and Resolution No. 2019-01 as authorized by Section 7-12-4162(3), MCA, and shall be payable in equal semiannual installments of principal and interest. The assessments will be payable in installments on the 30th day of November and on the 31st day of May for the term of the Bond, if not theretofore paid, and shall become delinquent on such dates unless paid in full. The payment due on any installment date shall be the amount necessary to amortize, over the term of the Bond in equal semiannual payments, the principal amount of the assessment, together with interest to accrue thereon over said term at the interest rate thereon (including the one-half of one percent required by Section 7-12-4189(1)(a), MCA); provided that the amount of each such installment shall be adjusted each fiscal year to an amount equal to the amount necessary to amortize fully the then outstanding principal amount of the assessment (excluding any delinquent amounts), plus interest accrued at the interest rate described above in the number of installments then remaining until the maturity date or prepayment date of the Bond. There shall be included in the first installment payment interest on the entire assessment from the date of delivery of the Bond. The assessments shall constitute a lien upon and against the property against which they are made and levied, which lien may be extinguished only by payment in full of the assessment with all penalties, costs and interest as provided in Section 7-12-2168, MCA. No tax deed issued with respect to any lot or parcel of land

shall operate as payment of any installment of the assessment thereon which is payable after the execution of such deed, and any tax deed so issued shall convey title subject only to the lien of said future installments, as provided in Section 15-18-214, MCA.

(iv) Reassessment. If at any time and for whatever reason any special assessment herein agreed to be levied is held invalid, the Borrower and this Council, its officers and employees, will take all steps necessary to correct the same and to reassess and re-levy the same, including the ordering of work, with the same force and effect as if made at the time provided by law, ordinance or resolution relating thereto, and will reassess and re-levy the same with the same force and effect as an original levy thereof, as authorized in Section 7-12-4186, MCA. Any special assessment, or reassessment or re-levy shall, so far as is practicable, be levied and collected as it would have been if the first levy had been enforced including the levy and collection of any interest accrued on the first levy.

If proceeds of the Bond, including investment income thereon, are applied to the redemption of such Bond, or if refunding bonds are issued and the principal amount of the outstanding Bond of the District is decreased or increased, the Borrower will reduce or increase, respectively, the assessments levied in the District and then outstanding pro rata by the principal amount of such prepayment or the increment above or below the outstanding principal amount of bond represented by the refunding bond. The Borrower and this Council, its officers and employees will reassess and re-levy such assessments, with the same effect as an original levy, in such reduced or increased amounts in accordance with the provisions of Sections 7-12-4176 through 7-12-4178, MCA.

(v) Absence of Litigation. There is now no litigation pending or, to the best knowledge of the Borrower, threatened, questioning the validity or regularity of the creation of the District, the contracts for construction of the Improvements or the undertaking and agreement of the Borrower to levy special assessments therefor and to make good any deficiency in the collection thereof through the levy of taxes for and the making of advances from the Revolving Fund, or the right and power of the Borrower to issue the Bond or in any manner questioning the existence of any condition precedent to the exercise of the Borrower's powers in these matters. If any such litigation should be initiated or threatened, the Borrower will forthwith notify in writing the DNRC, and will furnish the DNRC a copy of all documents, including pleadings, in connection with such litigation.

(vi) Waiver of Penalty and Interest. The Borrower covenants not to waive the payment of penalty or interest on delinquent assessments levied on property in the District for costs of the Improvements, unless the Borrower determines, by resolution of the Borrower, that such waiver is in the best interest of the owners of the outstanding Bond.

(vii) Acceleration of all Installments upon Delinquency. In the event of a delinquency in the payment of a special assessment installment, the Council may, at its discretion and by subsequent resolution, declare all unpaid assessments from such

delinquent taxpayer on such benefited property to be delinquent. If the delinquency is not paid, the property subject to the lien of the special assessment may be sold by the Borrower in the same manner real property is sold for delinquent property taxes.

(viii) Maintenance of Improvements. The Borrower will provide and fund the maintenance of the Improvements.

(e) Additional Agreements. If there are additional Borrower representations, covenants, conditions or agreements required by DEQ, they will be set forth in an Exhibit hereto.

(f) Financial Information. The Borrower will cause proper and adequate books of record and account to be kept showing complete and correct entries of all receipts, disbursements and other transactions relating to the District, in such reasonable detail as may be determined by the Borrower in accordance with generally accepted governmental accounting practice and principles. It will cause such books to be maintained on the basis of the same fiscal year as that utilized by the Borrower. The Borrower shall, within 180 days after the close of each fiscal year, cause to be prepared and supply to the DNRC a financial report with respect to the District for such fiscal year. The report shall be prepared at the direction of the financial officer of the Borrower in accordance with applicable generally accepted governmental accounting principles.

(g) Project Accounts. The Borrower shall maintain Project accounts in accordance with generally accepted government accounting standards.

(h) Records. After reasonable notice from the EPA or the DNRC, the Borrower shall make available to the EPA or the DNRC such records as the EPA or the DNRC reasonably requires to review and determine compliance with the Clean Water Act, as provided in Section 602(b)9 of the Clean Water Act and Section 75-5-1113(1)(c) of the Act.

(i) Compliance with Clean Water Act. The Borrower has complied and shall comply with all conditions and requirements of the Clean Water Act pertaining to the Series 2021 Loan and the Project, and shall maintain sufficient financial, managerial and technical capability to continue to effect such compliance.

(j) No Related Person Covenant. The Borrower agrees that neither it nor any "related person" to the Borrowers (within the meaning of Section 147(a)(2) of the code) shall acquire bonds issued by the State under the Indenture in an amount related to the amount of Series 2021 Bond.

ARTICLE III

USE OF PROCEEDS; THE PROJECT

Section 3.1. Use of Proceeds. The Borrower shall apply the proceeds of the Loan from the DNRC solely as follows:

(a) The Borrower shall apply the proceeds of the Series 2021 Loan as set forth in Exhibit A hereto and this Section 3.1. The Series 2021 Loan will be disbursed in accordance with Article IV hereof and Article VII of the Indenture.

(b) If any proceeds of the Series 2021 Loan are to be used to reimburse the Borrower for Project costs paid prior to the date of adoption of this Resolution, the Borrower has complied in respect of such expenditures with the requirements of Section 1.150-1 and 2 of the Regulations.

(c) No proceeds of the Series 2021 Loan shall be used for the purpose of refinancing an obligation the interest on which is exempt from federal income tax or excludable from gross income for purposes of federal income taxation unless the DNRC has received an Opinion of Bond Counsel, satisfactory to it, to the effect that such refinancing will not adversely affect the exclusion of interest on the State Bonds from gross income for purposes of federal income taxation.

Section 3.2. The Project. Set forth in Exhibit A to this Resolution is a description of the Project to be funded from the Series 2021 Loan. The Project may be changed and the description thereof in Exhibit A may be amended from time to time by the Borrower but only after delivery to the DNRC of the following:

(a) A certificate of the Borrower setting forth the amendment to Exhibit A and stating the reason therefore, including statements whether the amendment would cause an increase or decrease in the cost of the Project, an increase or decrease in the amount of Series 2021 Loan proceeds which will be required to complete the Project;

(b) A written consent to such change in the Project by an Authorized DNRC Officer;

(c) An Opinion or Opinions of Bond Counsel stating that the Project, as constituted after such amendment, is, and was at the time the State Bonds were issued, eligible for financing under the Act and is, and was at the time the Series 2021 Bond was issued, eligible for financing under the Enabling Act, such amendment will not violate the Act or the Enabling Act and such amendment will not adversely affect the exclusion of interest on the State Bonds or the Series 2021 Bond from gross income for purposes of federal income taxation. Such an Opinion of Bond Counsel shall not be required for amendments which do not affect the type of facility to be constructed or the activity to be financed.

The Borrower acknowledges and agrees that an increase in the principal amount of the Series 2021 Loan may be made only upon an application to the DEQ, the DNRC and the Trustee, in such form as the DEQ shall specify, which is approved by the DEQ and the DNRC, in their sole and absolute discretion, and adoption by the governing body of the Borrower with the assistance of its Bond Counsel of a resolution amendatory of or supplementary to this resolution authorizing the additional loan and delivery of written certifications by officers of the Borrower to the DEQ, the DNRC and the Trustee to the effect that all representations and covenants contained in this resolution as it may be so amended or supplemented are true as of the date of closing of the additional loan. No assurance can be given that any additional loan funds will be available under the Program at the time of any such application or thereafter. The Borrower

acknowledges and agrees that neither the DEQ, the DNRC, the Trustee nor any of their agents, employees or representatives shall have any liability to the Borrower and have made no representations to the Borrower as to the sufficiency of the Series 2021 Loan to pay Project Costs or as to the availability of additional funds under the Program to increase the principal amount of the Series 2021 Loan.

Section 3.3. Project Representations and Covenants. The Borrower hereby represents to and covenants with the DNRC that:

(a) all construction of the Project has complied and will comply with all federal and state standards, including, without limitation, EPA regulations and standards;

(b) the hiring of the engineers for the Project has been done in accordance with Montana law;

(c) all future construction of the Project will be done only pursuant to fixed price construction contracts. The Borrower shall obtain a performance and payment bond from the contractor for each construction contract in the amount of 100% of the construction price and ensure that such bond is maintained until construction is completed to the Borrower's, the DNRC's and the DEQ's satisfaction;

(d) all future construction will be done in accordance with plans and specifications on file with the DNRC and the DEQ, provided that changes may be made in such plans and specifications with written consent of an Authorized DNRC Officer and the DEQ;

(e) the Project is a project of the type permitted to be financed under the Enabling Act, the Act and the Program and Title VI of the Clean Water Act; and

(f) the Project is estimated to be complete by July 1, 2022.

Section 3.4. Completion or Cancellation or Reduction of Costs of the Project.

(a) Upon completion of the Project, the Borrower shall deliver to the DNRC a certificate stating that the acquisition and construction of the Project have been completed.

(b) If all or any portion of the Project is canceled or reduced or its costs are reduced or for any other reason the Borrower will not require the full amount of the Series 2021 Loan, the Borrower shall promptly notify the DNRC in writing of such fact.

ARTICLE IV

THE LOAN

Section 4.1. The Series 2021 Loan and Disbursement. The DNRC has agreed to lend to the Borrower, from time to time as the requirements of this Section 4.1 are met, an amount up to \$600,000 for the purposes of the Project at an interest rate of 2.50% per annum on the unpaid balance. The Series 2021 Loan is evidenced by the Series 2021 Bond. The Series 2021 Loan is

for the purpose of financing a portion of the costs of the Project. Pursuant to Resolution No. 2019-04, the Borrower has issued its \$250,000 Bond Anticipation Note ("BAN") to DNRC for the payment of the 6th Avenue portion of the Improvements and to obtain certain materials and pay for design. The Borrower intends to pay the BAN from the first draw on the Series 2021 Loan. The Series 2021 Loan Amount may be reduced as provided in Sections 3.2 and 3.4. The Series 2021 Loan shall be disbursed as provided in this Section 4.1. The DNRC intends to disburse the Series 2021 Loan through the Trustee.

(a) In consideration of the issuance of the Series 2021 Bond by the Borrower, the DNRC shall make, or cause the Trustee to make, a disbursement of all or a portion of the Series 2021 Loan but only upon receipt of the following documents:

- (i) an Opinion of Bond Counsel as to the validity and enforceability of the Series 2021 Bond and the security therefore and stating in effect that interest on the Series 2021 Bond is not includable in gross income for purposes of federal income taxation, in form and substance satisfactory to the DNRC;
- (ii) the Series 2021 Bond, fully executed and authenticated;
- (iii) a certified copy of this Resolution;
- (iv) any other security instruments or documents required by the DNRC or DEQ as a condition to their approval of the Series 2021 Loan;
- (v) if all or part of a Series 2021 Loan is being made to refinance a Project or reimburse the Borrower for the costs of a Project paid prior to the Closing, evidence, satisfactory to the DNRC and the Bond Counsel referred to in (1) above, (A) that the acquisition or construction of the Project was begun no earlier than March 7, 1985 or the debt was incurred no earlier than March 7, 1985, (B) of the Borrower's title to the Project, (C) of the costs of such Project and that such costs have been paid by the Borrower and (D) if any proceeds of the Loan are to be used to reimburse the Borrower for Project costs paid prior to the date of adoption of this Resolution, the Borrower has complied in respect of such expenditures with the requirements of Section 1.150-1 and 2 of the Regulations.
- (vi) the items required by the Indenture for the portion of the Series 2021 Loan to be disbursed at Closing; and
- (vii) such other certificates, documents and other information as the DNRC, the DEQ or the Bond Counsel giving the opinion referred to in subparagraph (1) may require (including any necessary arbitrage rebate instructions).

(b) In order to obtain a disbursement of a portion of the Series 2021 Loan to pay costs of the Project, the Borrower shall submit to the DNRC and the Trustee a signed request for disbursement on the form prescribed by the DNRC, with all attachments required by such form.

The Borrower may obtain disbursements only for costs which have been legally incurred and are due and payable. All Loan disbursements will be made to the Borrower only upon proof that cost was incurred.

(c) On the date of Closing, the Borrower will pay the DNRC, from Bond proceeds, the balance due on the BAN.

(d) If all or a portion of a Series 2021 Loan is made to reimburse a Borrower for Project costs paid by it prior to Closing, the Borrower shall present at Closing the items required by Section 4.1(b) relating to such costs. The Trustee shall disburse such amounts to the Borrower pursuant to a disbursement schedule complying with the requirements of the Clean Water Act established by the DNRC and the Borrower at the Closing.

(e) Notwithstanding anything else provided herein, the Trustee shall not be obligated to disburse the Series 2021 Loan any faster or to any greater extent than it has available EPA Capitalization Grants, Series 2021 Bond proceeds and other amounts available therefore in the Revolving Fund. The DNRC shall not be required to do "overmatching" pursuant to the Indenture, but may do so in its discretion. The Borrower acknowledges that if Project costs are incurred faster than the Borrower projected at Closing, there may be delays in making Series 2021 Loan disbursements for such costs because of the schedule under which EPA makes EPA Capitalization Grant money available to the DNRC. The DNRC will use its best efforts to obtain an acceleration of such schedule if necessary.

(f) Upon making each Series 2021 Loan disbursement, the Trustee shall note such disbursement on Schedule A to the Series 2021 Bond.

(g) The Borrower agrees that it will deposit in the Series 2021 Reserve Account upon receipt any proceeds of the Series 2021 Loan borrowed for the purpose of causing the balance in the Series 2021 Reserve Account to equal the Reserve Requirement, either on the Closing Date of the Series 2021 Loan or upon any disbursement date. The Borrower further acknowledges and agrees that any portions of the Series 2021 Loan representing capitalized interest shall be advanced only on Payment Dates and shall be transferred by the Trustee on the Payment Date directly to the Debt Service Account. The amount of any such transfer shall be a credit against the interest payments due on the Series 2021 Bond and interest thereon shall accrue only from the date of transfer.

(h) Compliance by the Borrower with its representations, covenants and agreements contained in this Resolution shall be a further condition precedent to the disbursement of the Series 2021 Loan in whole or in part. The DNRC and the Trustee, in their sole and absolute discretion, may make one or more disbursements, in whole or in part, notwithstanding such noncompliance, and without liability to make any subsequent disbursement of the Series 2021 Loan.

Section 4.2. Commencement of Loan Term. The Borrower's obligations under this Resolution shall commence on the date hereof unless otherwise provided in this Resolution.

However, the obligation to make payments under Article V hereof shall commence only upon the first disbursement by the Trustee of Series 2021 Loan proceeds.

Section 4.3. Termination of Series 2021 Loan Term. The Borrower's obligations under this Resolution shall terminate upon payment in full of all amounts due under the Series 2021 Bond and this Resolution; provided, however, that the covenants and obligations provided in Article VII shall survive the termination of this Resolution.

Section 4.4. Loan Closing Submissions. On or prior to the Closing, the Borrower will have delivered to the DNRC and the Trustee the closing submissions required by Section 7.05 of the Indenture.

ARTICLE V

REPAYMENT OF LOAN

Section 5.1. Repayment of Loan. The Borrower shall repay the amounts lent to it pursuant to Section 4.1 hereof, plus interest on the unpaid amounts lent at the rate of two and one-half percent (2.50%) per annum, in semiannual Loan Repayments. Included as part of the interest rate are an Administrative Expense Surcharge on the outstanding principal amount of the Series 2021 Loan at the rate of twenty-five hundredths of one percent (0.25%) per annum and a Loan Loss Reserve Surcharge equal to twenty-five hundredths of one percent (0.25%) per annum on the outstanding principal amount of the Series 2021 Loan. The Borrower shall pay all Series 2021 Loan Repayments and Administrative Expense Surcharges and Loan Loss Reserve Surcharge in lawful money of the United States of America to the DNRC. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be calculated on the basis of a year of 360 days comprising 12 months of 30 days each.

The Series 2021 Loan Repayments required by this Section 5.1, including the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge, shall be due on each January 1 and July 1 commencing January 1, 2022 (the "Payment Dates"), as follows:

- (1) interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the outstanding principal balance of the Loan shall be payable on each January 1 and July 1, beginning January 1, 2022; and
- (2) the principal of the Loan shall be repayable on each Payment Date, beginning on January 1, 2022 and concluding on July 1, 2041, and the amount of each principal payment shall be calculated on the basis of level debt service at an interest rate of 2.50% per annum; provided that principal of the Series 2021 Loan is payable only in amounts that are multiples of \$1,000.

The payments of principal of and interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the Series 2021 Loan shall be due on the dates and in the amounts shown in Schedule B to the Series 2021 Bond, as such Schedule B shall be modified from time to time as provided below. The portion of each such Series 2021 Loan Repayment consisting of principal and the portion consisting of interest and the amount of each

Administrative Expense Surcharge and the amount of each Loan Loss Reserve Surcharge shall be set forth in Schedule B to the Series 2021 Bond. Upon each disbursement of Series 2021 Loan amounts to the Borrower pursuant to Section 4.1 hereof, the Trustee shall enter or cause to be entered the amount advanced on Schedule A to the Series 2021 Bond under "Advances" and the total amount advanced under Section 4.1, including such disbursement, under "Total Amount Advanced."

If the advance was made to pay costs of the Project pursuant to Section 4.1(b), interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge on such advance shall accrue from the date the advance is made and shall be payable on each Payment Date thereafter. Once the completion certificate for a Project has been delivered to the DNRC, the Trustee shall revise Schedule B to the Series 2021 Bond in accordance with this Section 5.1 and the Trustee shall send a copy of such Schedule B to the Borrower within one month after delivery of the completion certificate.

Past-due payments of principal and interest and Administrative Expense Surcharges and Loan Loss Reserve Surcharge shall bear interest at the rate of ten percent (10.00%) per annum, until paid.

Any payment of principal, interest or Administrative Expense Surcharge and Loan Loss Reserve Surcharge under this Section 5.1 shall also be credited against the same payment obligation under the Series 2021 Bond.

Section 5.2. Additional Payments. The Borrower shall also pay, within 30 days after receipt of a bill therefor, from any legally available funds therefor, including proceeds of the Series 2021 Loan, if the Borrower so chooses, all reasonable expenses of the DNRC and the Trustee in connection with the Series 2021 Loan and the Series 2021 Bond, including, but not limited to:

- (1) the cost of reproducing this Resolution and the Series 2021 Bond;
- (2) the fees and disbursements of Bond Counsel and other Counsel utilized by the DNRC and the Trustee in connection with the Series 2021 Loan, this Resolution and the Series 2021 Bond and the enforcement thereof; and
- (3) all taxes and other governmental charges in connection with the execution and delivery of the Series 2021 Bond, whether or not the Series 2021 Bond is then outstanding, including all recording and filing fees and the pledge of the State's right, title and interest in and to the Series 2021 Bond and this Resolution (and with the exceptions noted therein) and all expenses, including attorneys' fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the provisions hereof or thereof.

Section 5.3. Prepayments. The Borrower may, but only from the prepayment of Special Assessments levied pursuant to Section 6.7 and upon 30 days' prior written notice to the DNRC and the Trustee, prepay the Series 2021 Bond or principal installments thereof without penalty

on any Payment Date; provided that such prepayment must be accompanied by payment of accrued interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal prepaid. In such event, the finance officer of the District shall call for redemption on the payment date the Series 2021 Bond or principal installments thereof, in an amount which, together with interest Administrative Expense Surcharge and Loan Loss Reserve Surcharge accrued thereon to the payment date, will equal the funds in the Series 2021 Special Assessment Account at such time.

Except as provided in the foregoing sentences of this Section 5.3 or as otherwise required by law, the Borrower may not prepay all or any part of the outstanding principal amount of the Series 2021 Bond unless (i) it obtains the prior written consent of the DNRC thereto, and (ii) no Series 2021 Loan Repayment or Administrative Expense Surcharge or Loan Loss Reserve Surcharge is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal prepaid. If the Series 2021 Bond is prepaid in part pursuant to this Section 5.3, such prepayments shall be applied to principal payments in inverse order of maturity.

Section 5.4. Obligations of Borrower Unconditional. The obligations of the Borrower to make the payments required by this Resolution and the Series 2021 Bond and to perform its other agreements contained in this Resolution and the Series 2021 Bond shall be absolute and unconditional, except as otherwise provided herein or in such documents. The Borrower (a) shall not suspend or discontinue any payments provided for in this Resolution and the Series 2021 Bond, (b) shall perform all its other agreements in this Resolution and the Series 2021 Bond and (c) shall not terminate this Resolution or the Series 2021 Bond for any cause, including any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project or the System, commercial frustration of purpose, any dispute with the DNRC or the EPA, any change in the laws of the United States or of the State or any political subdivision of either or any failure of the DNRC to perform any of its agreements, whether express or implied, or any duty, liability or obligation arising from or connected with this Resolution.

Section 5.5. Limited Liability. All payments of principal of and interest on the Series 2021 Loan and other payment obligations of the Borrower hereunder and under the Series 2021 Bond shall be special, limited obligation of the Borrower payable solely out of the collection of the Special Assessments to be levied pursuant to Section 6.7 and shall not be payable out of any other revenues of the Borrower, except as provided in Section 5.3. The obligations of the Borrower under this Resolution and the Series 2021 Bond shall never constitute an indebtedness of the Borrower within the meaning of any state constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Borrower or a charge against its general credit or taxing power.

ARTICLE VI

OTHER AGREEMENTS OF BORROWER

Section 6.1. Maintenance of Improvements: Liens. The Borrower shall maintain the Improvements in good condition and make all necessary repairs thereto. The Borrower shall not

grant or permit to exist any lien on the Project or any other property making up part of the System, provided that this Section 6.1 shall not be deemed to be violated if a mechanics lien or contractor's lien is filed against such property so long as Borrower uses its best efforts to discharge such liens and promptly reports such to DNRC and the steps it plans to take to discharge such lien.

Section 6.2. Maintenance of Existence; Merger; Consolidation; Etc. Disposition of Assets. The Borrower shall maintain its corporate existence, except that it may consolidate with or merge into another Governmental Unit or permit one or more Governmental Units to consolidate with or merge into it or may transfer all or substantially all of its assets to another Governmental Unit and then dissolve if the surviving, resulting or transferee entity (if other than the Borrower) (i) is a Public Entity and (ii) assumes in writing all of the obligations of the Borrower under this Resolution and the Series 2021 Bond, and (a) such action does not result in any default in the performance or observance of any of the terms, covenants or agreements of the Borrower under this Resolution and the Series 2021 Bond, (b) such action does not violate the Act or the Clean Water Act and does not adversely affect the exclusion of interest on the Series 2021 Bond or the State Bonds from gross income for federal income tax purposes, and (c) the Borrower delivers to the DNRC on the date of such action an Opinion of Bond Counsel that such action complies with this Section 6.2.

Other than pursuant to the preceding paragraph, the Borrower shall not transfer the Improvements or any portion thereof to any other Person, except for property which is obsolete, outmoded, worn out, is being replaced or otherwise is not needed, unless the provisions of (a) and (b) of the preceding paragraph are satisfied and the Borrower delivers to the DNRC an Opinion of Bond Counsel to that effect and, in addition, the DNRC consents to such transfer.

Section 6.3. Covenants Relating to the Tax-Exempt Status of the State Bonds.

(a) The Borrower covenants and agrees that it will not use or permit to be used any of the proceeds of the Series 2021 Bond or any other funds of the Borrower, directly or indirectly, in a manner that would cause, or take any other action that would cause, any State Bond to be an "arbitrage bond" within the meaning of Section 12018-13 of the Code or would otherwise cause the interest on the State Bonds to be included in gross income for purposes of federal income taxation.

(b) The Borrower agrees that it will not enter into, or allow any "related person" (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the State Bonds or any other obligations of the DNRC in an amount related to the amount of the Loan or the portion of the Loan derived directly or indirectly from proceeds of the State Bonds.

(c) The Borrower shall not use or permit the use of the Project directly or indirectly in any trade or business carried on by any Person who is not a Governmental Unit. For the purpose of this subparagraph, use as a member of the general public shall not be taken into account and any activity carried on by a Person other than a natural person shall be treated as a trade or business.

(d) Any portion of the Project being refinanced or the cost of which is being reimbursed was acquired by and is now and shall, during the term of the Series 2021 Loan, be owned by the Borrower and not by any other Person. Any portion of the Project being financed shall be acquired by and shall, during the term of the Series 2021 Loan, be owned by the Borrower and not by any other Person. Notwithstanding the previous two sentences, the Borrower may transfer the Project or a portion thereof to another Governmental Unit which is also a Public Entity if such transfer is otherwise permitted hereunder and if such organization agrees with the DNRC to comply with Sections 2.2(H through J) and 6.3 hereof and if the DNRC receives an Opinion of Bond Counsel to the effect that such transfer will not violate the Act or the Clean Water Act or adversely affect the exclusion of interest on the State Bonds from gross income or purposes of federal income taxation. In addition, except as otherwise provided herein, the Borrower may sell or otherwise dispose of any portion of the Project which has become obsolete or outmoded or is being replaced or for other reasons is not needed by the Borrower or beneficial to the general public or necessary to carry out the purposes of the Clean Water Act.

(e) At the Closing of the Series 2021 Loan the DNRC will, if necessary to obtain the Opinion of Bond Counsel described in Section 7.05(a) of the Indenture, deliver to the Borrower instructions concerning compliance by the Borrower with the arbitrage rebate requirements of Section 12018-13 of the Code (the "Arbitrage Rebate Instructions"). The Borrower shall comply with the Arbitrage Rebate Instructions, if any, delivered to it by the DNRC at Closing, as such Instructions may be amended or replaced by the DNRC from time to time. The Arbitrage Rebate Instructions may be amended or replaced by new Arbitrage Rebate Instructions delivered by the DNRC and accompanied by an Opinion of Bond Counsel to the effect that the use of said amended or new Arbitrage Rebate Instructions will not adversely affect the excludability of interest on the State Bonds or any Additional State Bonds (except Additional State Bonds the interest on which the State did not intend to be excluded from gross income for federal income tax purposes) from gross income of the recipients thereof for federal income tax purposes.

(f) The Borrower shall not change the use or nature of the Improvements if (i) such change will violate the Clean Water Act, or (ii) so long as the State Bonds are outstanding unless, in the Opinion of Bond Counsel delivered to the DNRC, such change will not result in the inclusion in gross income of interest on the State Bonds for federal income tax purposes.

Section 6.4. Additional Stormwater Improvements. The Borrower will not issue any other Bonds for different stormwater projects under this Resolution. New projects for stormwater improvements will need to be done through new SID bonds.

Section 6.5. Compliance with Resolution. The Borrower will hold the Series 2021 Special Assessment Account and the Series 2021 Reserve Account as trust funds, separate and apart from all of its other funds, and the Borrower, its officers and agents, will comply with all covenants and agreement contained in this resolution.

Section 6.6. Construction of Project. The Borrower will do all acts and things necessary to enforce the provisions of the construction contracts and bonds and to ensure the completion of the Project for the benefit of the Borrower in accordance with the plans and specification and

within the time therein provided, and will pay all costs thereof promptly as incurred and allowed, out of the Fund and within the amount of the proceeds of the Series 2021 Bond appropriated thereto.

Section 6.7. Levy of Series 2021 Special Assessments. The Borrower will do all acts and things necessary for the final and valid levy of the Series 2021 Special Assessments upon the benefited property within the District in accordance with the Constitution and laws of the State of Montana and the Constitution of the United States in an aggregate principal amount of \$600,000, as such may be reduced in accordance with the provisions hereof. Such Series 2021 Special Assessments shall be levied on the basis prescribed in Resolution No. 2018-13. The Series 2021 Special Assessments will be payable in installments on the 30th day of November in each of years 2021 through 2040 and on the 31st day of May in the years 2022 through 2041, inclusive, if not theretofore paid, and shall become delinquent on such date unless paid in full. The payment due on any installment date shall be the amount necessary to amortize, over the 20-year term in equal semiannual payments, the principal amount of the assessment, together with interest to accrue thereon over said term at the interest rate thereon; provided that the amount of each such installment shall be adjusted each fiscal year to an amount equal to the amount necessary to amortize fully the then outstanding principal amount of the assessment (excluding any delinquent amounts), plus 1/2 percent interest more than the interest rate on the Series 2021 Bond. There shall be included in the first installment payment of each assessment interest on the entire assessment from the date of original registration of the Series 2021 Bond to January 1, 2022. The Series 2021 Special Assessments shall constitute a lien upon and against the property against which they are made and levied, which lien may be extinguished only by payment of the Series 2021 Special Assessment with all penalties, costs and interest as provided in Montana Code Annotated, Section 7-12-4191. No tax deed issued with respect to any lot or parcel of land in the District shall operate as payment of any installment of the Series 2021 Special Assessments thereon which is payable after the execution of such deed, and any tax deed so issued shall convey title subject only to the lien of said future installments, as provided in Montana Code Annotated, Section 15-18-214.

ARTICLE VII

INDEMNIFICATION OF DNRC, DEQ AND TRUSTEE

The Borrower shall indemnify and save harmless the DNRC, the DEQ and their officers, employees and agents (each an "Indemnified Party" or, collectively, the "Indemnified Parties") against and from any and all claims, damages, demands, expenses, liabilities and losses of every kind asserted by or on behalf of any Person arising out of the acts or omissions of the Borrower or its employees, officers, agents, contractors, subcontractors, or consultants in connection with, or with regard or in any way relating to, the condition, use, possession, conduct, management, planning, design, acquisition, construction, installation or financing of the Project. The Borrower shall also indemnify and save harmless the Indemnified Parties against and from all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any such claim or demand. If any proceeding is brought against an Indemnified Party by reason of any such claim or demand, the Borrower shall, upon notice from an Indemnified Party, defend such proceeding on behalf of the Indemnified Party.

ARTICLE VIII

ASSIGNMENT

Section 8.1. Assignment by Borrower. The Borrower may not assign its rights and obligations under this Resolution or the Series 2021 Bond, except as provided in Section 6.2.

Section 8.2. Assignment by DNRC. The DNRC will pledge its rights under and interest in this Resolution and the Series 2021 Bond (except to the extent otherwise provided in the Indenture) as security for the payment of the State Bonds and may further assign such interests to the extent permitted by the Indenture, without the consent of the Borrower.

Section 8.3. State Refunding Bonds. In the event the State Bonds and Additional State Bonds are refunded by bonds which are not Additional State Bonds, all references in this Resolution to State Bonds and Additional State Bonds shall be deemed to refer to the refunding bonds and any bonds of the State on a parity with such refunding bonds (together, the "Refunding Bonds") or, in the case of a crossover refunding, to the State Bonds and Additional State Bonds and the Refunding Bonds. In the event the State Bonds are refunded by an issue of Additional State Bonds, all references in this Resolution to the State Bonds shall be deemed to refer to such Additional State Bonds or, in the case of a crossover refunding, both the State Bonds and such Additional State Bonds.

ARTICLE IX

THE SERIES 2021 BOND

Section 9.1. Authorization. Under the provisions of the Enabling Act, the Borrower is authorized to issue and sell its special improvement district bonds payable during a term not exceeding twenty years from their date of issue, to provide funds for the improvements or to refund its special assessment bonds issued for such purpose.

Section 9.2. No Additional SID Bonds Issued Hereunder. No additional Special Assessment District Bonds will be issued pursuant to this Resolution by the Borrower that will be payable from the Special Assessments levied for the payment of the Series 2021 Bond.

Section 9.3. Series 2021 Special Assessment Amount. In order to provide sufficient funds for payment of the Series 2021 Bond, the Borrower, pursuant to Section 7-12-4106, M.C.A., and its Resolution No. 2018-13 and Notice sent to property owners to be assessed the Special Assessment, described the estimated amount of Series 2021 Special Assessments as up to \$155 annually. The total number of lots or parcels subject to the Series 2021 Special Assessment is 259. The total principal assessment per parcel is \$2,317 (which is \$600,000 divided by 259).

Section 9.4. Issuance and Sale of the Series 2021 Bond. The Council has investigated the facts necessary and hereby finds, determines and declares it to be necessary and desirable for the Borrower to issue the Series 2021 Bond to evidence the Series 2021 Loan.

Section 9.5. Terms. The Series 2021 Bond shall be in the maximum principal amount of the Series 2021 Loan, shall be issued as a single, fully registered bond numbered R-1, shall be dated as of the date of delivery to the DNRC, and shall bear interest at the rate charged by the DNRC on the Series 2021 Loan. The principal of and interest on the Series 2021 Bond shall be payable on the same dates and in the same amounts as principal and interest of the Loan Repayments are payable. Advances of principal of the Series 2021 Bond shall be deemed made when advances of the Series 2021 Loan are made under Section 4.1, and such advances shall be payable in accordance with Schedule B to the Series 2021 Bond, as it may be revised by the DNRC from time to time in accordance with Section 5.1.

The Borrower may prepay the Series 2021 Bond, in whole or in part, only upon the terms and conditions under which it can prepay the Series 2021 Loan under Section 5.3.

Section 9.6. Negotiability, Transfer and Registration. The Series 2021 Bond shall be fully registered as to both principal and interest, and shall be initially registered in the name of and payable to the DNRC. While so registered, principal of and interest on the Series 2021 Bond shall be payable to the DNRC at the Office of the Department of Natural Resources and Conservation, 1539 11th Ave., P.O. Box 201601, Helena, Montana 59620-1601 or such other place as may be designated by the DNRC in writing and delivered to the Borrower. The Series 2021 Bond shall be negotiable, subject to the provisions for registration and transfer contained in this section. No transfer of the Series 2021 Bond shall be valid unless and until (1) the holder, or his duly authorized attorney or legal representative, has executed the form of assignment appearing on the Bond, and (2) the Clerk of the Borrower (the "Registrar"), as Bond Registrar, has duly noted the transfer on the Series 2021 Bond and recorded the transfer on the registration books of the Registrar. The Registrar may, prior to noting and recording the transfer, require appropriate proof of the transferor's authority and the genuineness of the transferor's signature. The Borrower shall be entitled to deem and treat the person in whose name the Series 2021 Bond is registered as the absolute owner of the Series 2021 Bond for all purposes, notwithstanding any notice to the contrary, and all payments to the registered holder shall be valid and effectual to satisfy and discharge the Borrower's liability upon such Bond to the extent of the sum or sums so paid.

Section 9.7. Execution and Delivery. The Series 2021 Bond shall be executed on behalf of the Borrower by the manual signatures of the Mayor and the Clerk. Any or all of such signatures may be affixed at or prior to the date of delivery of the Series 2021 Bond. The Bond shall be sealed with the corporate seal of the Borrower, if the Borrower has such a seal. In the event that any of the officers who shall have signed the Series 2021 Bond shall cease to be officers of the Borrower before the Bond is issued or delivered, their signatures shall remain binding upon the Borrower. Conversely, the Series 2021 Bond may be signed by an authorized official who did not hold such office on the date of adoption of this Supplemental Resolution. The Series 2021 Bond shall be delivered to the DNRC, or its attorney or legal representative.

Section 9.8. Form. The Series 2021 Bond shall be prepared in substantially the form attached as Exhibit B.

ARTICLE X

NO ADDITIONAL SPECIAL ASSESSMENT BONDS FOR THE PROJECT

Section 10.1. No Additional Special Assessment Bonds for the Project. No other special assessment bonds will be issued pursuant to this Resolution for the Project.

ARTICLE XI

STORMWATER SPECIAL IMPROVEMENT DISTRICT NO. 1

Section 11.1. Bond Proceeds and Special Assessments Pledged and Appropriated. There is hereby created the Stormwater Special Improvement District No. 1 Fund, a separate Series 2021 Special Assessment Account, a separate Series 2021 Reserve Account and a separate SID Revolving Fund Account. All of such accounts shall be maintained as separate and special bookkeeping accounts on the official books of the Borrower until the Series 2021 Bond and interest due thereon have been fully paid, or the Borrower's obligations with reference to such Bond has been discharged as provided in this Resolution. All proceeds of the Series 2021 Bond and all Series 2021 Special Assessments collected for the payment of the Series 2021 Bond are irrevocably pledged and appropriated to the Series 2021 Reserve Account and the Series 2021 Special Assessment Account, respectively.

Section 11.2. Acquisition and Construction Account. There is hereby created, within the Fund, a separate Series 2021 Acquisition and Construction Account established under this Resolution which shall be used to pay as incurred and allowed costs which under accepted accounting practice are capital costs and expenses of the Project as generally described on Exhibit A hereto. To the Acquisition and Construction Account shall be credited as received proceeds of Series 2021 Bond issued hereunder, except for the proceeds transferred to the Series 2021 Reserve Account and the SID Revolving Fund Account.

Section 11.3. Series 2021 Special Assessment Account. Money in the Series 2021 Special Assessment Account shall be used only for payment of the principal of and interest on the Series 2021 Bond as such payments become due or to redeem the Series 2021 Bond.

Upon collection of the installment of principal and interest due on November 30 and May 31 of each fiscal year on the Series 2021 Special Assessments to be levied with respect to the Project, the finance officer of the Borrower shall credit to the Interest Account so much of said Series 2021 Special Assessments as is collected as interest payment and the balance thereof to the Principal Account. Any installment of any Series 2021 Special Assessment paid prior to its due date with interest accrued thereon to the next succeeding interest payment date shall be credited with respect to principal and interest payments in the same manner as other assessments are credited to the Series 2021 Special Assessment Account. All money in the Account shall be used first to pay interest due, and any remaining money shall be used to pay principal of the Series 2021 Bond then due and, if money is available, to redeem the Series 2021 Bond or principal installments thereof in accordance with Section 5.3; provided that any money transferred to the Principal Account from the Acquisition and Construction Account pursuant to Section 6.3 shall be applied to redeem the Series 2021 Bond or principal installments thereof to

the extent possible on the next interest payment date for which notice of redemption may properly be given pursuant to Section 5.3. Redemption of the Series 2021 Bond shall be in order of the principal installments it represents as provided in Section 5.3, and interest shall be paid as accrued thereon to the date of redemption.

Section 11.4 Reserve Account. If the Town Treasurer determines, as described in Section 3.06, prior to a Bond payment date, there is insufficient money on hand in the Principal or Interest Subaccounts in the Special Assessment Account in the District Fund to pay the principal of or interest on the Bond when due, the Reserve Account will be used to satisfy such deficiency, to the extent funds are available. Money in the Reserve Account will not be replenished if used. The Borrower will not apply any of the Reserve Account balance to pay the principal of or interest on any Borrower obligation other than the Bond. Any money remaining in the District Fund, after payment of the principal of and interest on the Bond and repayment to the Revolving Fund of any loans made to the District Fund, amounts remaining on deposit in the Reserve Account may be used for emergency repair to the Improvements. If money in the Reserve Account is insufficient to satisfy any deficiency in the Bond payments due from the District Fund, then, after expending all funds in the Reserve Account, the Council shall make a loan from the Revolving Fund to the District Fund, as described in Section 11.5. The Borrower will not invest the funds in the Reserve Account at yields in excess of the yield on the Bond.

Section 11.5 Loans from Revolving Fund. The Council shall annually or more often if necessary issue an order authorizing a loan or advance from the Revolving Fund to the District Fund in an amount sufficient to make good any deficiency then existing in the Principal or Interest Subaccounts and shall issue an order authorizing a loan or advance from the Revolving Fund to the District Fund in an amount sufficient to make good any deficiency then existing in the Principal and Interest Subaccounts, in such order, and in each case to the extent that money is available in the Revolving Fund. A deficiency shall be deemed to exist in the Principal Subaccount or the Interest Subaccount if the money on deposit therein on any June 15th or December 15th (excluding amounts in the Principal Subaccount representing prepaid special assessments) is less than the amount necessary to pay Bonds due (other than upon redemption), and interest on all Bonds payable, on the next succeeding interest payment date.

The Borrower hereby agrees to provide funds for the Revolving Fund by levying a tax or making a loan from the General Fund as authorized by Section 7-12-4223, Montana Code Annotated. The Borrower also agrees, if necessary due to limitations on the Borrower's ability to levy the maximum number of mills under Section 15-10-420 Montana Code Annotated, to reduce other property tax levies correspondingly to meet the covenant made in the preceding sentence. The Borrower further agrees that in the event that the balance on hand in the Revolving Fund fifteen days prior to any date when interest is due on special improvement district bonds or warrants of the Borrower is not sufficient to make good all deficiencies then existing in the special improvement district funds for which the Borrower has covenanted to make loans from the Revolving Fund, the balance on hand in the Revolving Fund shall be allocated to the funds of the special improvement districts in which such deficiencies then exist in proportion to the amounts of the deficiencies on the respective dates of receipt of such money, until all interest accrued on such special improvement district bonds or warrants of the Borrower has been paid. The Borrower further agrees that on any date when all accrued interest on special improvement

district bonds and warrants of the Borrower payable from funds for which the Borrower has covenanted to make loans from the Revolving Fund has been paid, any balance remaining in the Revolving Fund shall be lent or advanced to the special improvement district funds for payment and redemption of bonds to the extent the special improvement district funds are deficient for such purpose, and, if money in the Revolving Fund is insufficient therefor, pro rata, in an amount proportionate to the amount of such deficiency.

Section 11.6 Deposit and Investment of Funds. The finance of the Borrower shall cause all money appropriated to the Fund to be deposited as received with one or more depository banks duly qualified in accordance with the provisions of Montana Code Annotated, Section 7-6-201, in a deposit account or accounts. The balance in such accounts, except such portion thereof as shall be The Treasurer of the Borrower shall cause all money appropriated to the Fund to be deposited as received with one or more depository banks duly qualified in accordance with the provisions of Montana Code Annotated, Section 7-6-201, in a deposit account or accounts. The balance in such accounts, except such portion thereof as shall be guaranteed by federal deposit insurance, shall at all times be secured to its full amount by bonds or securities of the types set forth in said Section 7-6-201. Any of such moneys not necessary for immediate use may be deposited with such depository banks in savings or time deposits. No money shall at any time be withdrawn from such deposit accounts except for the purposes of the Fund as defined and authorized in this Resolution; except that money from time to time on hand in the Fund may at any time, in the discretion of the governing body of the Borrower, be invested in securities which are direct, general obligations of, or obligations the prompt payment of the principal of and the interest on which is fully and unconditionally guaranteed by, the United States of America, bank repurchase agreements with respect to such obligations, certificates of deposits of national banks having a combined capital and surplus of at least \$1,000,000 or in the Montana short-term investment program administered by the Board of Investments, which investments mature and bear interest at the times and in the amounts estimated to be required to provide cash when needed for the purposes of the respective accounts. Unless otherwise provided herein, income received from the deposit or investment of moneys in said accounts shall be credited to the account from whose moneys the deposit was made or the investment was purchased, and handled and accounted for in the same manner as other moneys in that account.

ARTICLE XII

TAX MATTERS

Section 12.1. Ownership of Improvements. The Improvements and the Project will be owned by the Borrower.

Section 12.2. General Covenant. The Borrower covenants and agrees with the owners from time to time of the Series 2021 Bond that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Series 2021 Bond to become includable in gross income for federal income tax purposes under the Code and the Regulations, and covenants to take any and all actions within its powers to ensure that the interest on the Series 2021 Bond will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

Section 12.3. Arbitrage Certification. The Mayor and the Clerk being among the officers of the Borrower charged with the responsibility for issuing the Series 2021 Bond pursuant to this Resolution, are authorized and directed to execute and deliver to the DNRC a certificate in accordance with the provisions of Section 12018-13 of the Code, and Section 1.12018-13-2(b) of the Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Series 2021 Bond, it is reasonably expected that the proceeds of the Series 2021 Bond will be used in a manner that would not cause the Series 2021 Bond to be an "arbitrage bond" within the meaning of Section 12018-13 of the Code and the Regulations.

Section 12.4. Arbitrage Rebate Exemption.

(a) The Borrower hereby represents that the Series 2021 Bond qualifies for the exception for small governmental units to the arbitrage rebate provisions contained in Section 12018-13(f) of the Code. Specifically, the Borrower represents:

(i) Substantially all (not less than 95%) of the proceeds of the Series 2021 Bond (except for amounts to be applied to the payment of costs of issuance) will be used for local governmental activities of the Borrower.

(ii) The aggregate face amount of all "tax-exempt bonds" (including warrants, contracts, leases and other indebtedness, but excluding private activity bonds) issued by or on behalf of the Borrower and all subordinate entities thereof during calendar year 2021 is reasonably expected not to exceed \$5,000,000. Other than the Series 2021 Bond, to date in 2021, the Borrower has issued no such tax-exempt bonds.

(b) The Borrower hereby covenants and agrees to make the determinations, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 12018-13(f).

Section 12.5. Information Reporting. The Borrower shall file with the Secretary of the Treasury, not later than 45 days after the end of the calendar quarter in which the Bond is issued, a statement concerning the Series 2021 Bond containing the information required by Section 149(e) of the Code.

Section 12.6. "Qualified Tax-Exempt Obligations". Pursuant to Section 265(b)(3)(B)(ii) of the Code, the Borrower hereby designates the Series 2021 Bond as a qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code. The Borrower has not designated any obligations in 2021 other than the Series 2021 Bond under Section 265(b)(3). The Borrower hereby represents that it does not anticipate that obligations bearing interest not includable in gross income for purposes of federal income taxation under Section 103 of the Code (including refunding obligations as provided in Section 265(b)(3) of the Code and including "qualified 501(c)(3) bonds" but excluding other "private activity bonds," as defined in Sections 141(a) and 145(a) of the Code) will be issued by or on behalf of the Borrower and all "subordinate entities" of the Borrower in 2021 in an amount greater than \$10,000,000.

ARTICLE XIII

CONTINUING DISCLOSURE

The Borrower understands and acknowledges that the DNRC is acquiring the Series 2021 Bond under the Program pursuant to which the State issues from time to time State Bonds to provide funds therefore. The Borrower covenants and agrees that, upon written request of the DNRC from time to time, the Borrower will promptly provide to the DNRC all information that the DNRC reasonably determines to be necessary or appropriate to offer and sell State Bonds or to provide continuing disclosure in respect of State Bonds, whether under Rule 15c2-12 (17 C.F.R. §240.15c2-12) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or otherwise. Such information shall include, among other things and if so requested, financial statements of the Borrower prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Montana law, as in effect from time to time (such financial statements to relate to a fiscal year or any period therein for which they are customarily prepared by the Borrower, and, if for a fiscal year and so requested by the DNRC, subject to an audit report and opinion of an accountant or government auditor, as permitted or required by the laws of the State). The Borrower will also provide, with any information so furnished to the DNRC, a certificate of the Mayor and the Town Clerk of the Borrower to the effect that, to the best of their knowledge, such information does not include any untrue statement of a material fact or omit to state any material fact required to be stated therein to make the statements made, in light of the circumstances under which they are made, not misleading.

ARTICLE XIV

MISCELLANEOUS

Section 14.1. Notices. All notices or other communications hereunder shall be sufficiently sent or given and shall be deemed sent or given when delivered or mailed by certified mail, postage prepaid, to the parties at the following addresses:

DNRC: Department of Natural Resources and Conservation
1529 Eleventh Avenue
P.O. Box 201601
Helena, Montana 59620-1601
Attn: Conservation and Resource Development

Trustee: U.S. Bank National Association
1420 5th Avenue, 7th Floor
Seattle, WA 98101
Attn: Corporate Trust Services

Borrower: Town of Twin Bridges
104 E. 6th Avenue

Twin Bridges, MT 59754
Attn: Clerk

Any of the above parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices or other communications shall be sent.

Section 14.2. Binding Effect. This Resolution shall inure to the benefit of and shall be binding upon the DNRC, the Borrower and their respective successors and assigns.

Section 14.3. Severability. If any provision of this Resolution shall be determined to be unenforceable at any time, it shall not affect any other provision of this Resolution or the enforceability of that provision at any other time.

Section 14.4. Amendments. This Resolution may not be effectively amended without the written consent of the DNRC.

Section 14.5. Applicable Law. This Resolution shall be governed by and construed in accordance with the laws of the State without giving effect to the conflicts-of-laws principles thereof.

Section 14.6. Captions; References to Sections. The captions in this Resolution are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Resolution. References to Articles and Sections are to the Articles and Sections of this Resolution, unless the context otherwise requires.

Section 14.7. No Liability of Individual Officers, Directors or Trustees. No recourse under or upon any obligation, covenant or agreement contained in this Resolution shall be had against any director, officer or employee, as such, past, present or future, of the DNRC, the DEQ or the Trustee, either directly or through the DNRC, the DEQ or the Trustee, or against any officer, or member of the governing body or employee of the Borrower, past, present or future, as an individual so long as such individual was acting in good faith. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officer or member of the governing body or employee of the DNRC, the Trustee or the Borrower is hereby expressly waived and released by the Borrower and by the DNRC as a condition of and in consideration for the adoption of this Resolution and the making of the Loan.

Section 14.8. Payments Due on Holidays. If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Resolution or the Bond, shall not be Business Day, such payments may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Resolution or the Series 2021 Bond.

Section 14.9. Right of Others To Perform Borrower's Covenants. In the event the Borrower shall fail to make any payment or perform any act required to be performed hereunder, then and in each such case the DNRC may (but shall not be obligated to) remedy such default for

the account of the Borrower and make advances for that purpose. No such performance or advance shall operate to release the Borrower from any such default and any sums so advanced by the DNRC shall be paid immediately to the party making such advance and shall bear interest at the rate of ten percent (10%) from the date of the advance until repaid. The DNRC shall have the right to enter the Project or the facility or facilities of which the Project is a part or any other facility which is a part of the System in order to effectuate the purposes of this Section.

Section 14.10. Authentication of Transcript. The officers of the Borrower are hereby authorized and directed to furnish to the DNRC and to Bond Counsel certified copies of all proceedings relating to the issuance of the Series 2021 Bond and such other certificates and affidavits as may be required to show the right, power and authority of the Borrower to issue the Series 2021 Bond, and all statements contained in and shown by such instruments, including any heretofore furnished, shall constitute representations of the Borrower as to the truth of the statements purported to be shown thereby.

Section 14.11. Repeals and Effective Date.

(a) Repeal. All provisions of other resolutions and other actions and proceedings of the Borrower and this Council that are in any way inconsistent with the terms and provisions of this Resolution are repealed, amended and rescinded to the full extent necessary to give full force and effect to the provisions of this Resolution.

(b) Effective Date. This Resolution shall take effect immediately.

PASSED AND ADOPTED by the Town Council of the Borrower on this 25th day of August, 2021.

Attest: Kristi Millhouse 8.25.21
Its: Clerk



Its: Mayor

EXHIBIT A

Description of the Project.

The proceeds of the Series 2021 Bond will be utilized for the costs for the planning, design, financing and construction of the storm inlets, grates and infiltration structures with grading and fill and paving in the various areas of the Town to assist in controlling stormwater and funded by the Series 2021 Bond. Phase 1 consisted of engineering design, material acquisition and construction work on Improvements to the section of West Sixth Avenue near the Twin Bridge School, from Wray Street to Main Street. Phase 2 consists of construction stormwater drainage improvements along Madison Street and at other select locations (Wray St. & 9th Ave., 8th Ave. from Wray St. to Bridge St.) in Twin Bridges, Montana. The work includes installing stormwater collection and infiltration structures and grading drainage ditches to those structures. The infiltration structures consists of manholes, perforated drainage pipe, drain rock, geotextile, and associated appurtenances.

ESTIMATED PROJECT COSTS

Administrative/Financial Costs:

Professional Services	\$4,250
Debt Service Reserve	\$19,200
Revolving Fund Deposit	\$30,000
Bond Counsel	<u>\$16,000</u>
Total	\$69,450

Activity Costs:

Preliminary Engineering	\$10,100
Engineering (Basic Services)	\$40,000
Construction Engineering (CM, Post & RPR)	\$55,000
Construction Phase 1	\$143,689
Construction Phase 2	\$496,747
Contingency	\$10,014
Total	<u>\$755,550</u>

TOTAL ESTIMATED PROJECT COSTS	\$825,000
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ANTICIPATED FUNDING

Series 2021 Bond	\$600,000
Madison County ARPA Grant Funds	<u>\$225,000</u>
Total	\$825,000

EXHIBIT B
[Form of the Series 2021 Bond]

UNITED STATES OF AMERICA
STATE OF MONTANA
TOWN OF TWIN BRIDGES
STORM WATER SPECIAL IMPROVEMENT DISTRICT NO. 1 BOND
(DNRC SRF LOAN PROGRAM)
Series 2021

No. R-1

\$600,000

FOR VALUE RECEIVED, the Town of Twin Bridges, Madison County, Montana (the "Borrower"), a duly organized municipality and political subdivision of the State of Montana, acknowledges itself to be specially indebted and, for value received, hereby promises to pay to the Department of Natural Resources and Conservation of the State of Montana (the "DNRC"), or its registered assigns, solely from the Series 2021 Special Assessment Account of its Storm Water Special Improvement District No. 1 Fund, the principal sum equal to the sum of the amounts entered on Schedule A hereto under "Total Amount Advanced," with interest on each such amount from the date such amount is advanced hereunder at the rate of two percent (2.00%) per annum on the unpaid balance until paid. In addition, the Borrower shall pay an Administrative Expense Surcharge and a Loan Loss Reserve Surcharge on the outstanding principal amount of this Bond at the rates of twenty-five hundredths of one percent (0.25%), respectively, per annum. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be payable in semiannual installments payable on each January 1 and July 1 (each a "Loan Repayment Date") commencing January 1, 2022. Principal and interest shall be payable on the dates set forth in Schedule B hereto. Each installment shall be in the amount set forth opposite its due date in Schedule B hereto under "Total Loan Payment." The portion of each such payment consisting of principal, the portion consisting of interest, the portion consisting of Administrative Expense Surcharge and the portion consisting of the Loan Loss Reserve Surcharge shall be as set forth in Schedule B hereto. Upon each disbursement of Loan amounts to the Borrower pursuant to the Resolution described below, the DNRC shall enter (or cause to be entered) the amount advanced on Schedule A under "Advances" and the total amount advanced under the Resolution (as hereinafter defined), including such disbursement, under "Total Amount Advanced." The DNRC shall prepare Schedule B and revised Schedules B, or cause Schedule B and revised Schedules B to be prepared, as provided in Section 5.1 of the Resolution. Schedule B shall be calculated and recalculated on a level debt service basis assuming an interest rate of 2.50% per annum. Past-due payments of principal and interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall bear interest at the rate of ten percent (10.00%) per annum, until paid. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be calculated on the basis of a 360-day year comprising 12 months of 30 days each. All payments under this Bond shall be made to the registered holder of this Bond, at its address as it appears on the Bond register, in lawful money of the United States of America.

This Bond is issued in the maximum authorized principal amount of \$600,000 (the "Series 2021 Bond"), issued to finance the costs of design and construction of and payment for

certain stormwater system improvements of the Borrower (the "Improvements") described in the Resolution (hereafter defined), to make a deposit to a reserve for the Series 2021 Bond, a deposit to the Borrower's SID Revolving Fund and to pay costs of issuance of the Series 2021 Bond. The Series 2021 Bond is issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended, and ordinances and resolutions duly adopted by the governing body of the Borrower.

Reference is made to Resolution No. 2021-10, duly adopted by the governing body of the Borrower on August 25, 2021, (the "Resolution"), for a more complete statement of the terms and conditions upon which the Series 2021 Bond has been issued, the special assessments and the SID Revolving Fund pledged and appropriated for the payment and security thereof, the conditions upon which the Resolution may be amended, the rights, duties and obligations of the Borrower, and the rights of the owners of the Series 2021 Bond. The Bond is also secured by the Town's SID Revolving Fund as described in the Resolution.

The principal installments of the Series 2021 Bond are subject to mandatory redemption on any interest payment date if, after paying all principal and interest then due on the Bond, there are funds to the credit of the Series 2021 Special Assessment Account of the Borrower from the prepayment of assessments levied by the Borrower for the redemption thereof, upon 30 days' prior written notice to the Holder and the Trustee.

The Borrower may otherwise prepay the principal of the Series 2021 Bond only if (i) it obtains the prior written consent of the DNRC thereto, and (ii) no Loan Repayment or Administrative Expense Surcharge or Loan Loss Reserve Surcharge is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal prepaid. If the Series 2021 Bond is prepaid in part as so permitted, such prepayments shall be applied to principal payments in inverse order of maturity.

The Series 2021 Bond is payable solely from a Special Assessment Account and Special Assessment Reserve Account established for the Series 2021 Bond and the collection of a special assessment levied upon certain benefited property within the boundaries of the Borrower, in an aggregate principal amount of \$600,000, except as such amount may be reduced or increased in accordance with provisions of the Resolution and Montana law. Such assessments constitute a lien against such property within the Borrower, and this Bond is not a general obligation of the Borrower.

The Borrower may deem and treat the person in whose name this Series 2021 Bond is registered as the absolute owner hereof, whether this Series 2021 Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and the Borrower shall not be affected by any notice to the contrary.

This Series 2021 Bond has been designated by the Borrower as a "qualified tax-exempt obligation" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Borrower has duly authorized and will forthwith undertake the improvements to the System hereinabove described, and has created a special fund into which the collections of special assessments to be levied to pay the costs of such improvements are to be paid, and a Series 2021 Reserve Account in that Fund into which shall be deposited certain proceeds of this Series 2021 Bond; that all provisions for the security of this Series 2021 Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the ordinances and resolution of the Borrower to be done, to exist, to happen and to be performed in order to make this Series 2021 Bond a valid and binding special obligation of the Borrower according to its terms have been done, do exist, have happened and have been performed as so required; and that the issuance of this Series 2021 Bond does not cause either the general or the special indebtedness of the Borrower to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Town of Twin Bridges, Madison County, Montana, by its governing body, has caused this Series 2021 Bond to be executed by the signatures of its Mayor and Clerk to be affixed hereto, and has caused this Series 2021 Bond to be dated as of the _____ day of _____, 2021.

SAMPLE

Clerk

SAMPLE

Mayor

REGISTRATION AND TRANSFER

This Bond shall be fully registered as to both principal and interest. No transfer of this Bond shall be valid unless and until (1) the registered holder of the Bond, or his duly authorized attorney or legal representative, executes the form of assignment appearing on this Bond, and (2) the Clerk, as bond registrar (the "Registrar"), has duly noted the transfer on the Bond and recorded the transfer on the Registrar's registration books. The Borrower shall be entitled to deem and treat the person in whose name this Bond is registered as absolute owner thereof for all purposes, notwithstanding any notice to the contrary. Payments on account of the Bond shall be made only to the order of the registered holder thereof, and all such payments shall be valid and effectual to satisfy and discharge the Borrower's liability upon the Bond to the extent of the sum or sums so paid. This Bond is initially registered in the name of the Department of Natural Resources and Conservation of the State of Montana.

REGISTER

The ownership of the unpaid Principal Balance of this Bond and the interest accruing thereon is registered on the books of the City of Twin Bridges, Montana in the name of the registered holder appearing on the first page hereof or as last noted below:

<u>Date of Registration</u>	<u>Name and Address of Registered Holder</u>	<u>Signature of City Clerk</u>
_____, 2021	<u>Department of Natural Resources and Conservation</u> <u>1539 Eleventh Avenue</u> Helena, MT 59620	_____

THE FOLLOWING ENTRIES ARE TO BE MADE ONLY BY THE BOND REGISTRAR UPON REGISTRATION OF EACH TRANSFER

The Clerk of the Town of Twin Bridges, Madison County, Montana, acting as Bond Registrar, has transferred, on the books of the Borrower, on the date last noted below, ownership of the principal amount of and the accrued interest on this Bond to the new registered holder noted next to such date, except for amounts of principal and interest theretofore paid.

<u>Date of Transfer</u>	<u>Name of New Registered Holder</u>	<u>Signature of Bond Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatsoever.

SAMPLE

A large, faint, diagonal watermark reading "SAMPLE" is overlaid across the entire page. The watermark is in a light gray, sans-serif font and is oriented from the bottom-left towards the top-right.

Certificate as to Resolution and Adopting Vote

I the undersigned, being the duly qualified and acting recording officer of the Town of Twin Bridges, Montana (the Town), hereby certify that the attached is a true copy of a Resolution entitled

2021-10 A RESOLUTION OF THE TOWN OF TWIN BRIDGES, MONTANA, AUTHORIZING THE ISSUANCE OF ITS STORM WATER SPECIAL IMPROVEMENT DISTRICT NO. 1 BOND (DNRC SRF LOAN PROGRAM), SERIES 2021; CREATING SPECIAL FUNDS AND ACCOUNTS FOR THE ADMINISTRATION OF MONEY DERIVED THEREFROM AND AUTHORIZING THE ISSUANCE AND SALE AND DEFINING THE TERMS AND THE MANNER OF PAYMENT OF SUCH BOND

(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 Special Council Meeting on August 25, 2021 at 7:00 pm and that the meeting was duly held by the Town Council and was attended through 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: Matt Greemore, Scott Holbrook, and Jordan High; voted against the same: 0; abstaining from voting thereon: 0; or were absent: Nolan Frandsen and James "JB" Klyap.

Witness by my hand officially this 25th day of August, 2021.

Kristi Millhouse

Kristi Millhouse/Town Clerk-Treasurer

