



**Item:** Resolution 10062, Relating to \$1,065,000 Limited Tax General Obligation Refunding Bonds (Taxable), Series 2014B; authorizing the issuance of the Series 2014B Bonds, determining the form and details, authorizing the execution and delivery and making appropriations for the payment thereof

**From:** Melissa Kinzler, Fiscal Services Director

**Initiated By:** Refunding of General Obligation Bonds

**Presented By:** Melissa Kinzler, Fiscal Services Director

**Action Requested:** Adopt Resolution 10062

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**Suggested Motion:**

1. Commissioner moves:

“I move that the City Commission (adopt/deny) Resolution 10062.”

2. Mayor calls for a second, discussion, public comment, and calls the vote.

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**Staff Recommendation:** Staff recommends the City Commission adopt Resolution 10062.

**Background:** In 2005, the City issued and sold its General Fund Obligation Note, Series 2005 (Taxable), in the original aggregate principal amount of \$1,500,000 for the purpose of paying a portion of the costs of design, engineering, feasibility and environmental review with respect to Highwood Generating Station. This obligation is paid from the City’s general fund.

The Series 2005 Note bears interest at a rate equal to the Five Year US Treasury Index as reported in the Wall Street Journal plus 2.3% per year, but in no event shall the interest rate exceed 7.21% per year. The interest rate on the Series 2005 Note is re-set every five years. The interest rate on the Series 2005 Note for the initial five-year period was 6.79%, and the interest rate on the Series 2005 Note for the current five-year period is 3.78%. Given the steady increase in interest rates over the preceding 12 month period and other relevant economic factors, it is anticipated that the interest rate on the Series 2005 Note will increase further prior to the next interest rate adjustment date in December 2015.

The refunding is being done to reduce interest rate risk related to the Series 2005 Note and stabilize the debt service payments.

On December 17, 2013, the City Commission adopted Resolution 10046, establishing the terms, conditions and documentation for a private, negotiated sale of up to \$1,200,000 in Limited Tax General Obligation Refunding Bonds (Taxable) (Refunding Bonds) to D.A. Davidson & Co.

The City Manager and Fiscal Services Director along with Dorsey & Whitney, LLP, the City's bond counsel, worked to meet the appropriate terms, conditions and documentation for the sale of the Refunding Bonds established in Resolution 10046. The purchase price, redemption features, and interest rate on the Bonds were subject to the following conditions and limitations:

- (1) the aggregate principal amount of the Series 2014B Bonds shall not exceed \$1,200,000;
- (2) the true interest cost shall not exceed 5.25%;
- (3) the underwriter's discount shall not exceed 0.90% of the principal amount of the Series 2014B Bonds, exclusive of original issue premium or discount.

Resolution 10062 will authorize the issuance of the bonds, determine the form and details, authorize the execution and delivery and making appropriations for the payment for a private, negotiated sale of up to \$1,070,000 in Limited Tax General Obligation Refunding Bonds (Taxable) (Refunding Bonds) to D.A. Davidson & Co.

On March 11, 2014 D.A. Davidson & Company and the City entered into a Bond Purchase Agreement, regarding the purchase and sale of the refunding bonds in the aggregate principal amount of \$1,065,000.00 at an aggregate purchase price of \$1,055,895.30. The true interest cost is 2.944891%. The underwriter's discount is \$9,585.00 or 0.90% of the principal amount of the 2014B Bonds.

The closing and delivery of the funds will take place April 3, 2014.

**Concurrences:** Representatives from Fiscal Services have been working with Bond Counsel and D.A. Davidson Company throughout the entire process.

**Fiscal Impact:** The interest rates of the Series 2014B Bonds result in a net present value savings of \$13,154.93.

**Alternatives:** The City Commission could choose to not approve Resolution 10062.

**Attachments/Exhibits:** Resolution 10062

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Great Falls, Montana (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. 10062, entitled: "RESOLUTION RELATING TO \$1,065,000 LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS (TAXABLE), SERIES 2014B; AUTHORIZING THE ISSUANCE OF THE SERIES 2014B BONDS, DETERMINING THE FORM AND DETAILS, AUTHORIZING THE EXECUTION AND DELIVERY AND MAKING APPROPRIATIONS FOR THE PAYMENT THEREOF" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Commission of the City at a regular meeting on March 18, 2014, and that the meeting was duly held by the City Commission and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Commissioners voted in favor thereof: \_\_\_\_\_  
\_\_\_\_\_ ; voted against the same: \_\_\_\_\_  
\_\_\_\_\_ ; abstained from voting thereon: \_\_\_\_\_ ; or were absent: \_\_\_\_\_.

WITNESS my hand officially this 18th day of March, 2014.

\_\_\_\_\_  
Lisa Kunz, City Clerk

RESOLUTION NO. 10062

RESOLUTION RELATING TO \$1,065,000 LIMITED TAX  
GENERAL OBLIGATION REFUNDING BONDS (TAXABLE),  
SERIES 2014B; AUTHORIZING THE ISSUANCE OF THE  
SERIES 2014B BONDS, DETERMINING THE FORM AND  
DETAILS, AUTHORIZING THE EXECUTION AND  
DELIVERY AND MAKING APPROPRIATIONS FOR THE  
PAYMENT THEREOF

BE IT RESOLVED by the City Commission (the "Commission") of City of Great Falls, Montana (the "City"), as follows:

Section 1. Authorization and Sale; Recitals.

1.01. Authorization. Pursuant to Montana Code Annotated, Title 7, Chapter 7, Part 41, as amended (the "Act"), the City is authorized to issue general obligations not secured by its taxing power without submitting the question of incurring the indebtedness to the electors upon the satisfaction of certain conditions: (1) the principal amount of the obligation may not exceed 10% of the general fund budget of the municipality in each of the two preceding fiscal years; (2) at the time the obligation is incurred, the debt service in the current or any future fiscal year on the obligation and any other outstanding obligation issued pursuant to the Act do not exceed 2% of the revenues deposited in the general fund of the municipality in each of the two immediately preceding years; and (3) the term of the obligation does not exceed 20 years.

Pursuant to the Act as then in effect and Resolution No. 6384, duly adopted by the Commission on December 6, 2005 (the "2005 Resolution"), the City issued and sold its General Fund Obligation Note, Series 2005 (Taxable), in the original aggregate principal amount of \$1,500,000 (the "Series 2005 Note"), for the purpose of paying a portion of the costs of design, engineering, feasibility and environmental review with respect to a coal fired electric generation facility to have been constructed by Southern Montana Electric Generation and Transmission Co-Op, of which the City was a member. The Series 2005 Note is presently outstanding in the aggregate principal amount of \$1,054,338.74 (the "Refunded Note").

The Series 2005 Note bears interest at a rate equal to the Five Year US Treasury Index as reported in the Wall Street Journal plus 2.3% per annum, but in no event shall the interest rate exceed 7.21% per annum. The interest rate on the Series 2005 Note is re-set every five years. The interest rate on the Series 2005 Note for the initial five-year period was 6.79%, and the interest rate on the Series 2005 Note for the current five-year period is 3.78% (through December 2015).

1.02. Refunding. For the purpose of reducing the interest rate risk related to the variable rate Series 2005 Note, this Commission has determined that it is in the best interests of the City to sell, upon the terms hereinafter set forth, to D.A. Davidson & Co., of Great Falls, Montana (the "Original Purchaser"), by private negotiated sale, its limited tax general obligation refunding bonds, pursuant to the Act, in order to refund the Refunded Note and to pay the costs of issuance of such bonds and of the refunding.

1.03. Purchase and Sale. The Original Purchaser and the City have entered into a Bond Purchase Agreement, dated as of March 11, 2014, regarding the purchase and sale of limited tax general obligation refunding bonds of the City, to be denominated “Limited Tax General Obligation Refunding Bonds (Taxable), Series 2014B” (the “Series 2014B Bonds”), in the aggregate principal amount of \$1,065,000 at a purchase price of \$1,055,895.30 (reflecting underwriter’s discount of \$9,585.00 and an original issue premium of \$480.30), the Series 2014B Bonds to bear interest at the rates and mature on the dates and in the amounts and contain the further terms and conditions set forth in this Resolution. The sale of the Series 2014B Bonds to the Original Purchaser is hereby ratified and confirmed.

1.04. Findings.

(a) The principal amount of the Series 2014B Bonds (\$1,065,000) does not exceed 10% of general fund budget of the City for the immediately two preceding fiscal years. The City’s general fund budget for the fiscal years ended June 30, 2012 and 2013 was \$22,707,889 (10% equals \$2,270,789) and \$23,848,149 (10% equals \$2,384,815), respectively.

(b) As set forth on Exhibit A hereto, the debt service in the current or any future fiscal year on the Series 2014B Bonds and the debt service in the current or any future fiscal year on all other outstanding obligations of the City issued pursuant to the Act does not exceed 2% of the revenues deposited in the general fund of the City in each of the two immediately preceding fiscal years. Revenues deposited in the general fund of the City for the fiscal years ended June 30, 2012 and 2013 were \$25,366,013 (2% equals \$507,320) and \$26,020,813 (2% equals \$520,416), respectively.

(c) The indebtedness to be evidenced by the Series 2014B Bonds and all other outstanding obligations of the City issued pursuant to the Act does not exceed the limitations set forth in Section 7-7-4104 of the Act.

1.05. Recitals. All acts, conditions and things required by the Constitution and laws of the State of Montana, including the Act, in order to make the Series 2014B Bonds valid and binding general obligations in accordance with their terms and the terms of this Resolution have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required. The City has full power and authority to issue the Series 2014B Bonds.

Section 2. Bond Terms, Execution and Delivery.

2.01. Term of Bonds. The Series 2014B Bonds shall be designated “Limited Tax General Obligation Refunding Bonds (Taxable), Series 2014B.” The Series 2014B Bonds be in the denomination of \$5,000 each or any integral multiple thereof of single maturities. The Series 2014B Bonds shall mature on July 1 in the years and amounts listed below, and Series 2014B Bonds maturing in such years and amounts shall bear interest from the date of original issue until paid or duly called for redemption at the rates shown opposite such years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
2014	\$ 30,000	1.000%
2015	120,000	1.000
2016	125,000	1.150
2017	125,000	1.600
2018	125,000	2.100
2019	130,000	2.600
2020	135,000	3.000
2021	135,000	3.300
2022	140,000	3.600

Interest on the Series 2014B Bonds shall be calculated on the basis of 360-day year composed of twelve 30-day months.

2.02. Registered Form, Interest Payment Dates. The Series 2014B Bonds shall be issuable only in fully registered form, and the ownership of the Series 2014B Bonds shall be transferred only upon the bond register of the City hereinafter described. The interest on the Series 2014B Bonds shall be payable on January 1 and July 1 in each year, commencing July 1, 2014. Interest on the Series 2014B Bonds shall be payable to the owners of record thereof as such appear on the bond register as of the close of business on the 15th day of the month immediately preceding each interest payment date, whether or not such day is a business day. Interest on, and upon presentation and surrender thereof, the principal of each Bond shall be payable by check or draft issued by the Registrar described herein.

2.03. Dated Date. Each Series 2014B Bond shall be originally dated as of April 3, 2014, and upon authentication of any Series 2014B Bond the Registrar (as hereinafter defined) shall indicate thereon the date of such authentication.

2.04. Registration. The City shall appoint, and shall maintain, a bond registrar, transfer agent and paying agent (the “Registrar”). The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its principal office a bond register in which the Registrar shall provide for the registration of ownership of Series 2014B Bonds and the registration of transfers and exchanges of Series 2014B Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender to the Registrar for transfer of any Series 2014B Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Series 2014B Bonds of the same series of a like aggregate principal amount and maturity, as the case may be, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer of any Series 2014B Bond or portion thereof selected or called for redemption.

(c) Exchange of Bonds. Whenever any Series 2014B Bond is surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Series 2014B Bonds of the same series of a like aggregate principal amount, interest rate and maturity, as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. All Series 2014B Bonds surrendered upon any transfer or exchange shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When any Series 2014B Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Series 2014B Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name any Series 2014B Bond is at any time registered in the bond register as the absolute owner of such Series 2014B Bond, whether such Series 2014B Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Series 2014B Bond and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the City upon such Series 2014B Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Series 2014B Bonds (except for an exchange upon the partial redemption of a Series 2014B Bond), the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Series 2014B Bond shall become mutilated or be lost, stolen or destroyed, the Registrar shall deliver a new Series 2014B Bond of the same series of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Series 2014B Bond or in lieu of and in substitution for any such Series 2014B Bond lost, stolen or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Series 2014B Bond lost, stolen or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Series 2014B Bond was lost, stolen or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. All Series 2014B Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the City. If the mutilated, lost, stolen or destroyed Series 2014B Bond has already matured or such Series 2014B Bond has been called for redemption in accordance with its terms, it shall not be necessary to issue a new Series 2014B Bond prior to payment.

2.05. Appointment of Initial Registrar. The City hereby appoints U.S. Bank National Association, in Seattle, Washington, to act as initial registrar, transfer agent and paying agent (the “Registrar”). The City reserves the right to appoint a successor Registrar, as authorized by the Model Public Obligations Registration Act of Montana, Montana Code Annotated, Title 17, Chapter 5, Part 11, as amended (the “Registration Act”). The City agrees to pay the reasonable and customary charges of the Registrar for the services performed.

2.06. Optional Redemption. The Series 2014B Bonds are not subject to redemption at the option of the City prior to their stated maturities.

2.07. Execution and Delivery. The Series 2014B Bonds shall be forthwith prepared for execution under the direction of the City Clerk and shall be executed on behalf of the City by the signatures of the Mayor, City Manager, Fiscal Services Director and City Clerk, provided that said signatures may be printed, engraved or lithographed facsimiles thereof. The seal of the City need not be imprinted on or affixed to any Series 2014B Bond. In case any officer whose signature or a facsimile of whose signature shall appear on the Series 2014B Bonds shall cease to be such officer before the delivery thereof, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. When the Series 2014B Bonds have been so executed by said City officers, they shall be registered by the Fiscal Services Director in accordance with Montana Code Annotated, Section 7-7-4257, as amended. Notwithstanding such execution, no Series 2014B Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Series 2014B Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Series 2014B Bonds need not be signed by the same representative. The executed certificate of authentication on each Series 2014B Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Series 2014B Bonds have been fully executed and authenticated, they shall be delivered by the Registrar to the Original Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Original Purchaser shall not be obligated to see to the application of the purchase price.

2.08. Securities Depository for the Series 2014B Bonds.

(a) For purposes of this Section 2.08, the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Series 2014B Bond, the person in whose name such Series 2014B Bond is recorded as the beneficial owner of such Series 2014B Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2014B Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.



“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds Series 2014B Bonds as securities depository.

“Representation Letter” shall mean the Blanket Issuer Letter of Representations pursuant to which the City agrees to comply with DTC’s Operational Arrangements.

(b) The Series 2014B Bonds of each series shall be initially issued as separately authenticated fully registered Series 2014B Bonds, and one Series 2014B Bond shall be issued in the principal amount of each stated maturity of each series of the Series 2014B Bonds. Upon initial issuance, the ownership of such Series 2014B Bonds shall be registered in the Series 2014B Bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2014B Bonds registered in its name for the purposes of payment of the principal of or interest on the Series 2014B Bonds, selecting the Series 2014B Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Series 2014B Bonds under this Resolution, registering the transfer of Series 2014B Bonds, and for all other purposes whatsoever; and neither the Registrar nor the City shall be affected by any notice to the contrary. Neither the Registrar nor the City shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Series 2014B Bonds under or through DTC or any Participant, or any other Person which is not shown on the Series 2014B Bond register as being a registered owner of any Series 2014B Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Series 2014B Bonds, with respect to any notice which is permitted or required to be given to owners of Series 2014B Bonds under this Resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2014B Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Series 2014B Bonds. So long as any Series 2014B Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Series 2014B Bond, and shall give all notices with respect to such Series 2014B Bond, only to Cede & Co. in accordance with the Representation Letter, and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations with respect to the principal of and interest on the Series 2014B Bonds to the extent of the sum or sums so paid. No Person other than DTC shall receive an authenticated Series 2014B Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Series 2014B Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the City determines to discontinue the book-entry-only system for one or both series of Series 2014B Bonds, the City may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Series 2014B Bonds of such series in the form of certificates. In such event, the Series 2014B

Bonds of such series will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Series 2014B Bonds of one or both series at any time by giving notice to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Series 2014B Bonds of such series will be transferable in accordance with paragraph (e) hereof.

(d) The Representation Letter sets forth certain matters with respect to, among other things, notices, consents and approvals by registered owners of the Series 2014B Bonds and Beneficial Owners and payments on the Series 2014B Bonds. The Registrar shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Resolution.

(e) In the event that any transfer or exchange of Series 2014B Bonds of a series is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Series 2014B Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this Resolution. In the event Series 2014B Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Series 2014B Bonds, or another securities depository as owner of all the Series 2014B Bonds, the provisions of this Resolution shall also apply to all matters relating thereto, including, without limitation, the preparation of such Series 2014B Bonds in the form of Series 2014B Bond certificates and the method of payment of principal of and interest on such Series 2014B Bonds in the form of Series 2014B Bond certificates.

2.09. Form of Bond. The Series 2014B Bonds shall be prepared in substantially the form set forth in Exhibit B hereto, and by this reference made a part hereof.

### Section 3. Security Provisions.

3.01. Debt Service Account. There is hereby created a special account to be designated as the “Debt Service Account” (the “Debt Service Account”), to be held and administered by the Fiscal Services Director separate and apart from all other funds of the City, to be used solely to pay principal of and interest on the Series 2014B Bonds, including the payment of the redemption price of any Series 2014B Bonds duly called for redemption, and to pay costs of issuance relating to the Series 2014B Bonds. Proceeds of the Series 2014A Bonds used to pay costs of issuance shall be deposited in the Costs of Issuance Subaccount in the Debt Service Account. The City irrevocably appropriates to the Debt Service Account: (a) any proceeds of the Series 2014B Bonds in excess of their principal amount payable to the City (except to the extent such proceeds are deposited in the escrow account established by the escrow agreement described in Section 4.01 or to the Costs of Issuance Subaccount in the Debt Service Account, any proceeds of the Series 2014B Bonds to pay costs of issuance); (b) all funds to be credited and paid thereto in accordance with the provisions of Section 3.02; (c) all income derived from the investment of amounts on hand in the Debt Service Account; (d) excess amounts in the escrow account described in Section 4.01 and any excess amounts in the Costs of Issuance

Subaccount following payment of all costs of issuance; and (e) such other money as shall be received and appropriated to the Debt Service Account from time to time.

3.02. Covenant of the City. The City hereby agrees and covenants for the benefit of the holders of the Series 2014B Bonds that it will appropriate to the payment of the Series 2014B Bonds and interest thereon, in each fiscal year during the term of the Series 2014B Bonds, an amount sufficient to pay the principal of and interest on the Series 2014B Bonds due in each fiscal year, from the general fund and other legally available funds of the City. The City acknowledges that the levy of ad valorem property taxes to pay the principal of and interest on the Series 2014B Bonds is subject to limitation. The City agrees that it will reduce other expenditures that may be paid from ad valorem tax revenues, if and to the extent required, to pay the principal of and interest on the Series 2014B Bonds when due.

Section 4. Use of Proceeds; Redemption.

4.01. Use of Proceeds. Simultaneously with the delivery of the Series 2014B Bonds, the Fiscal Services Director shall cause to be deposited in the Escrow Account established with the Escrow Agent under an Escrow Agreement hereinafter described, \$1,055,777.91 (representing a sum equal to amounts on hand in the City's debt service accounts for the Refunded Bonds (\$24,278.00) and proceeds of the Series 2014B Bonds (\$1,031,499.91)), for the redemption and prepayment of the Refunded Note on April 14, 2014, all as set forth in the Escrow Agreement between the City and U.S. Bank National Association (the "Escrow Agreement"). The Escrow Account shall be held in safekeeping by said Escrow Agent, and said account and all income therefrom are irrevocably appropriated for the purposes stated in this Section 4.01. The Mayor, City Manager, Fiscal Services Director and City Clerk are hereby authorized to enter into an Escrow Agreement with U.S. Bank National Association, in the form which has been presented to this Commission attached hereto as Exhibit C, with such additions thereto or deletions therefrom as are necessary or appropriate. In accordance with Section 6.4 of the 2005 Resolution, upon the establishment and funding of the Escrow Account pursuant to this Section 4.01, the Refunded Note shall no longer be considered outstanding for purposes of Montana Code Annotated, Section 7-7-4201 or any other debt limitation. The City Finance Director shall also deposit \$24,395.39 of the proceeds of the Series 2014B Bonds in the Costs of Issuance Subaccount in the Debt Service Account.

4.02. Redemption. The Refunded Note is hereby called for redemption on April 14, 2014.

Section 5. Defeasance or Discharge.

5.01. General. When the liability of the City on all Series 2014B Bonds issued under and secured by this Resolution and all interest thereon has been discharged as provided in this section, all pledges, covenants and other rights granted by this Resolution to the Holders of such Series 2014B Bonds shall cease.

5.02. Maturity. The City may discharge its liability with reference to all Series 2014B Bonds and interest thereon which are due on any date by depositing with the Registrar for such Series 2014B Bonds on or before the date a sum sufficient for the payment thereof in full; or if

any Series 2014B Bond or interest thereon shall not be paid when due, the City may nevertheless discharge its liability with reference thereto by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

5.03. Redemption. The City may also discharge its liability with reference to any prepayable Series 2014B Bonds which are called for redemption on any date in accordance with their terms, by depositing with the Registrar on or before that date an amount equal to the principal, interest and redemption premium, if any, which are then due thereon, provided that notice of such redemption has been duly given as provided in this Resolution.

5.04. Escrow. The City may also at any time discharge its liability in its entirety with reference to any Series 2014B Bonds subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or securities which are general obligations of the United States or securities of United States agencies which are authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without reinvestment, to provide funds sufficient to pay all principal, interest and redemption premiums, if any, to become due on such Series 2014B Bonds at their Stated Maturities or, if such Series 2014B Bonds are prepayable and notice of redemption thereof has been given or irrevocably provided for, to such earlier redemption date.

Section 6. Continuing Disclosure.(a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Series 2014B Bonds and the security therefor and to permit participating underwriters in the primary offering of the Series 2014B Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the City hereby makes the following covenants and agrees, for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Series 2014B Bonds, to provide annual reports of specified information and notice of the occurrence of certain events to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system website ("EMMA"), as hereinafter described (the "Disclosure Covenants"). The City is the only "obligated person" in respect of the Series 2014B Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made.

The City believes it is currently in compliance with undertakings previously entered into by it under the Rule.

If the City fails to comply with the Disclosure Covenants, any person aggrieved thereby, including the Owners of any outstanding Series 2014B Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of the Disclosure Covenants, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder. Notwithstanding anything to the contrary contained in the Disclosure Covenants, in no event shall a default under this Section 6 constitute a default under the Series 2014B Bonds or under any other provision of this Resolution.

As used in this Section 6, “Owner” means, in respect of a Series 2014B Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used in this Section 6, “Beneficial Owner” means, in respect of a Series 2014B Bond, any person or entity that (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Series 2014B Bond (including persons or entities holding Series 2014B Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Series 2014B Bond for federal income tax purposes.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

(1) on or before 270 days after the end of each fiscal year of the City, commencing with the fiscal year ending June 30, 2014, the following financial information and operating data in respect of the City (the “Disclosure Information”):

(A) the audited financial statements of the City for such fiscal year and the audit report and opinion of the accountant or government auditor relating thereto, as permitted or required by the laws of the State of Montana, containing balance sheets as of the end of such fiscal year and a statement of operations, changes in fund balances and cash flows for the fiscal year then ended, showing in comparative form such figures for the preceding fiscal year of the City, 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, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the City Fiscal Services Director; and

(B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information of the type set forth below contained in the Official Statement for such fiscal year or for the period most recently available, which information may be unaudited, but is to be certified as to accuracy and completeness in all material respects by the City Fiscal Services Director to the best of his or her knowledge which certification may be based on the reliability of information obtained from third party sources:

(1) updated figures for the City for the then current fiscal year to include information relating to:

(a) general obligation bonds outstanding, in format similar to the tables in the Official Statement dated March 11, 2014 (the “Official Statement”) under the caption “CITY FINANCIAL INFORMATION—Schedule of General Obligation Debt Service;”

(b) a summary of limited general obligations outstanding;

(c) general obligation debt capacity in a format similar to the information in the Official Statement under the caption “CITY FINANCIAL INFORMATION—Debt Limitation;”

(d) the City population;

(e) identification of the taxable market valuation and taxable valuation, in format similar to the table in the Official Statement under the caption “CITY FINANCIAL INFORMATION—Trends in Property Valuations;” and

(f) tax collection figures for the City in a format similar to the table in the Official Statement under the caption “CITY FINANCIAL INFORMATION—Tax Collections.”

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements in the format required as part of the Disclosure Information and, within 10 days after receipt of the audited financial statements, the City shall provide the audited financial statements.

Any or all of the Disclosure Information may be incorporated, if it is updated as required hereby, by reference from other documents, including official statements, which have been submitted to MSRB in the manner set forth in subsection (c) hereof. The City shall clearly identify the Disclosure Information in each document so incorporated by reference.

If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be material (as hereinafter defined), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations.

If the Disclosure Information is changed or the Disclosure Covenants are amended, then the City shall include in the next Disclosure Information to be delivered pursuant to this Section 6, to the extent necessary, an explanation of the reasons for the

amendment and the effect of any change in the type of financial information or operating data provided.

(2) In a timely manner not in excess of ten business days, notice of the occurrence of any of the following events:

- (A) principal and interest payment delinquencies;
- (B) non-payment related defaults, if material;
- (C) unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) substitution of credit or liquidity providers, or their failure to perform;
- (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Series 2014B Bonds or other material events affecting the tax status of the Series 2014B Bonds;
- (G) modifications to rights of holders of the Series 2014B Bonds, if material;
- (H) bond calls, if material, and tender offers;
- (I) defeasances;
- (J) release, substitution or sale of property securing repayment of the Series 2014B Bonds, if material;
- (K) rating changes;
- (L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
- (M) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) appointment of a successor or additional trustee or the change of name of a trustee, if material.

As used herein, an event is “material” if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Series 2014B Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed in this Bond Resolution or information generally available to the public. Notwithstanding the foregoing sentence, an event is also “material” if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Series 2014B Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

(3) In a timely manner, notice of the occurrence of any of the following events or conditions:

- (A) the failure of the City to provide the Disclosure Information described above under (b)(1) at the time specified thereunder;
- (B) the amendment or supplementing of the Disclosure Covenants, together with a copy of such amendment or supplement and any explanation provided by the City;
- (C) the termination of the obligations of the City under the Disclosure Covenants; and
- (D) any change in the fiscal year of the City.

(c) Manner of Disclosure. The City agreed to make available the information described herein under “Information To Be Disclosed” to the MSRB through EMMA or in a manner as may be prescribed by MSRB consistent with the Rule.

(d) Term; Amendments; Interpretation.

(1) The Disclosure Covenants are to remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under the Disclosure Covenants shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the Disclosure Covenants will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

(2) The Disclosure Covenants and the form and requirements of the Disclosure Information may be amended or supplemented by the City from time to time, without notice to or the consent of the Bondowner of any Bonds, by resolution or ordinance of the Board of Trustees filed by the City Clerk accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualification to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the City or the type of operations conducted by the City or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) the Disclosure Covenants so as amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowner. If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation



of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(3) The Disclosure Covenants are entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

Section 7. Certification of Proceedings. The officers of the City are hereby authorized and directed to prepare and furnish to the Original Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records of the City, and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Series 2014B Bonds as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

Section 8. Repeals and Effective Date.

8.01. Repeal. All provisions of other resolutions and other actions and proceedings of the City and this Commission 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.

8.02. Effective Date. This Resolution shall take effect immediately upon its passage and adoption by this Commission.

PASSED AND APPROVED by the City Commission of the City of Great Falls,  
Montana, this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Michael J. Winters, Mayor

Attest:

\_\_\_\_\_  
Lisa Kunz, City Clerk

APPROVED FOR LEGAL CONTENT:

\_\_\_\_\_  
Sara R. Sexe, City Attorney

**EXHIBIT A**

**DEBT SERVICE ON LIMITED TAX OBLIGATIONS**

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Waterpark lease	\$167,935.00	\$167,935.00	-	-	-	-	-	-	-	-
Engineering										
Intercap loan	40,185.75	40,545.61	\$40,911.96	\$41,286.59	\$41,668.02	\$42,056.92	\$21,152.76	-	-	-
Series 2014B Bonds	-	48,079.58	143,587.50	147,268.75	145,550.00	143,237.50	145,235.00	\$146,520.00	\$142,267.50	\$142,520.00
SILD 1302	783.81	812.12	841.80	873.00	905.68	951.72	963.03	-	-	-
SILD 1304	2,752.30	2,851.73	2,955.92	3,065.45	3,180.26	3,300.69	3,423.49	-	-	-
SILD 1306	973.85	1,008.58	1,044.97	1,083.25	1,123.34	1,165.41	1,209.51	1,254.38	-	-
SILD 1308	2,428.22	2,500.43	2,575.65	2,654.27	2,736.18	2,821.61	2,910.62	3,003.64	3,097.13	-
SILD 1310	1,727.99	1,779.03	1,832.20	1,887.80	1,945.71	2,006.11	2,069.04	2,134.80	2,203.31	1,125.61
SILD 1303	1,569.19	1,601.15	1,634.13	1,668.25	1,703.47	1,739.83	1,777.34	1,816.17	1,856.22	1,895.89
SILD 1305	1,107.16	1,129.43	1,152.41	1,176.20	1,200.73	1,226.07	1,252.22	1,279.28	1,307.19	1,336.03
<b>Total</b>	<b>\$219,463.27</b>	<b>\$268,242.67</b>	<b>\$196,536.55</b>	<b>\$200,963.55</b>	<b>\$200,013.39</b>	<b>\$198,505.85</b>	<b>\$179,993.01</b>	<b>\$156,008.28</b>	<b>\$150,731.35</b>	<b>\$146,877.53</b>

**EXHIBIT B**

**UNITED STATES OF AMERICA  
STATE OF MONTANA  
COUNTY OF CASCADE**

**CITY OF GREAT FALLS, MONTANA**

**LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS  
(TAXABLE)  
SERIES 2014B**

No. \_\_\_\_\_ \$ \_\_\_\_\_

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
%	July 1,	April 3, 2014	390424 ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: AND NO/100 DOLLARS

FOR VALUE RECEIVED, THE CITY OF GREAT FALLS, MONTANA (the "City"), acknowledges itself to be indebted and hereby promises to pay to the registered owner named above, or registered assigns, the principal amount specified above on the maturity date specified above or, if this Bond is prepayable as stated herein, on any date prior thereto on which this Bond shall have been duly called for redemption, and to pay interest on said principal amount to the registered owner hereof from the Date of Original Issue set forth above or from such later date to which interest has been paid or duly provided for until this Bond is paid or, if this Bond is prepayable, until it has been duly called for redemption, at the rate specified above. Principal of this Bond is payable upon presentation and surrender hereof to U.S. Bank National Association, of Seattle, Washington, as Bond Registrar, Transfer Agent and Paying Agent, or its successor designated under the Resolution described herein (the "Registrar") at its operations center in St. Paul, Minnesota. The interest on this Bond shall be payable on January 1 and July 1 in each year, commencing July 1, 2014. Interest on the this Bond shall be payable to the owners of record thereof as such appear on the bond register as of the close of business on the 15th day of the month immediately preceding each interest payment date, whether or not such day is a Business Day. Interest on, and upon presentation and surrender thereof, the principal of each Bond shall be payable by check or draft issued by the Registrar described herein. "Business Day" means any day other than a Saturday, Sunday or legal holiday of the State of Montana.

The principal of and interest on this Bond are payable in lawful money of the United States of America.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the City.

This Bond is one of an issue in the total principal amount of \$1,065,000 (the "Series 2014B Bonds"), all of like date of original issue and tenor except as to serial number, denomination, maturity date, interest rate and redemption privilege, issued for the purpose of refunding certain valid outstanding limited general obligation bonds of the City, all pursuant to Title 7, Chapter 7, Parts 41, Montana Code Annotated, and resolutions duly adopted by the City Commission, including a bond resolution adopted on March 18, 2014 (the "Resolution"), and in full conformity with the Constitution and laws of the State of Montana thereunto enabling. The Series 2014B Bonds are issuable only as fully registered bonds of single maturities, in denominations of \$5,000 or any integral multiple thereof.

**The Series 2014B Bonds are not general obligations of the City and any ad valorem taxes the City may levy to pay principal of and interest on the Series 2014B Bonds are subject to applicable limits now or hereafter imposed by law on the amount of taxes that may be levied by the City.**

The Series 2014B Bonds are not subject to redemption at the option of the City prior to their stated maturities.

As provided in the Resolution and subject to certain limitations set forth therein, this Series 2014B Bond is transferable upon the books of the City at the principal office of the Registrar, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his attorney; and may also be surrendered in exchange for Series 2014B Bonds of other authorized denominations. Upon any such transfer or exchange, the City will cause a new Series 2014B Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Montana to be done, to exist, to happen and to be performed precedent to and in the issuance of this Bond, in order to

make it a valid and binding limited obligation of the City according to its terms, have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required; that the City has covenanted in the Resolution to appropriate each fiscal year during the term of the Series 2014B Bonds from its general fund or other legally available funds an amount sufficient for the payment of the principal of and interest on the Series 2014B Bonds due in such fiscal year; that the issuance of the Bond does not cause the indebtedness of the City outstanding on the date of original issue hereof and on the date of delivery of the Series 2014B Bonds to the Original Purchaser to exceed any constitutional or statutory limitation of indebtedness.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by the manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Great Falls, Montana, by its governing body, has caused this Bond to be executed by the signatures of its Mayor, City Manager, City Fiscal Services Director, and City Clerk, and has caused the official seal of the Borrower to be affixed hereto, and has caused this Bond to be dated as of the 3rd day of April, 2014.

\_\_\_\_\_  
Mayor

(SEAL)

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
City Fiscal Services Director

\_\_\_\_\_  
City Clerk

**CERTIFICATE OF AUTHENTICATION**

This is one of the Series 2014B Bonds delivered pursuant to the Resolution mentioned within.

**U.S. BANK NATIONAL ASSOCIATION,  
as Registrar, Transfer Agent,  
and Paying Agent**

By \_\_\_\_\_

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants  
in common

UTMA.....Custodian.....  
(Cust) (Minor)

TEN ENT -- as tenants  
by the entirety

under Uniform Gifts to  
Minor Act.....  
(State)

JT TEN -- as joint tenants  
with right of  
survivorship and  
not as tenants in  
common

\_\_\_\_\_  
Additional abbreviations may also be used.

### ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

PLEASE INSERT SOCIAL SECURITY  
OR OTHER IDENTIFYING NUMBER  
OF ASSIGNEE:

\_\_\_\_\_  
/ \_\_\_\_\_ /

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration, enlargement or any change whatsoever.

### SIGNATURE GUARANTEED

\_\_\_\_\_  
Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Bond Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Bond Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

**EXHIBIT C**

**Form of Escrow Agreement**



## ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this “Agreement”), is made and executed between the City of Great Falls, Montana (the “City”), and U.S. Bank National Association, in Seattle, Washington (the “Escrow Agent”). The parties hereto recite and, in consideration of the mutual covenants and payments referred to and contained herein, covenant and agree as follows:

1. The City, in accordance with a resolution of its City Commission adopted on March 18, 2014, sold its General Obligation Refunding Bonds, Series 2014A, dated, as originally issued, as of the date hereof (the “Series 2014A Bonds”), in the aggregate principal amount of \$2,350,000, which Series 2014A Bonds mature on July 1 in each year from 2014 to 2024, for the purpose of providing funds for the refunding and redeeming of the City’s General Obligation Bonds, Series 2004, dated, as originally issued, as of as of June 22, 2004 (the “Series 2004 Bonds”) with stated maturities in 2015 and thereafter, outstanding as of the date hereof in the aggregate principal amount of \$1,495,000 (the “Series 2004 Refunded Bonds”) and for the refunding, paying and redeeming of the City’s General Obligation Bonds, Series 2007, dated, as originally issued, as of as of May 15, 2007 (the “Series 2007 Bonds”) with stated maturities in 2014 and thereafter, outstanding as of the date hereof in the aggregate principal amount of \$1,025,000 (the “Series 2007 Refunded Bonds”), including the payment of certain expenses of the refunding and the issuance of the Series 2014A Bonds. The City has directed that the net proceeds of the Series 2014A Bonds (\$2,385,992.35, reflecting an underwriter’s discount of \$21,150.00, and a net original issue premium of \$57,142.35) be applied as follows: (i) \$2,349,719.00 to the payment of the purchase price of securities that are identified as current refunding securities on Exhibit A hereto (the “2014A Current Refunding Securities”) for credit to the 2014A Escrow Account; (ii) \$36,272.32 to the payment of costs of issuance of the Series 2014A Bonds and the refunding of the Series 2004 Refunded Bonds and Series 2007 Refunded Bonds; and (iii) \$1.03 to establish a beginning cash balance in the 2014A Escrow Account. The City has appropriated \$51,719.00 and \$165,520.00 of the funds in the debt service account for the Series 2004 Bonds and the Series 2007 Bonds, respectively, for payment of a portion of the purchase price of the 2014A Current Refunding Securities.

2. The City, in accordance with a resolution of its City Commission adopted on March 18, 2014, sold its Limited Tax General Obligation Refunding Bonds (Taxable), Series 2014B, dated, as originally issued, as of the date hereof (the “Series 2014B Bonds”), in the aggregate principal amount of \$1,065,000, which Series 2014B Bonds mature on July 1 in each year from 2014 to 2022, for the purpose of providing funds for the refunding and redeeming of the City’s General Fund Obligation Note (Taxable), Series 2005, dated, as originally issued, as of December 15, 2005 (the “Series 2005 Note”), outstanding in the aggregate principal amount of \$1,054,338.74 (the “Series 2005 Refunded Note” and, together with the Series 2004 Refunded Bonds and the Series 2007 Refunded Bonds, the “Refunded Bonds”), including the payment of certain expenses of the refunding and the issuance of the Series 2014B Bonds. The City has directed that the net proceeds of the Series 2014B Bonds (\$1,055,895.30, reflecting underwriter’s discount of \$9,585.00 and an original issue premium of \$480.30) be applied as follows: (i) \$1,031,499.91 to the 2014B Escrow Account, and (ii) \$24,395.39 to the payment of costs of issuance of the Series 2014B Bonds and the refunding of the Series 2005 Refunded Note. The

City has appropriated \$24,278.00 of the funds in the debt service account for the Series 2005 Note to the 2014B Escrow Account.

3. The Escrow Agent acknowledges receipt of the securities and cash described in Exhibit A hereto (which is hereby incorporated herein and made a part hereof) and agrees that it will hold such securities and cash in two special segregated escrow accounts in the name of the City, that it will account separately for (a) the 2014A Current Refunding Securities applicable to the refunding of the Series 2004 Refunded Bonds and the refunding of the Series 2007 Refunding Bonds and the cash balances apportioned to each such refunding (the “2014A Escrow Account”) and (b) the cash balance applicable to the refunding of the Series 2005 Refunded Note (the “2014B Escrow Account” and, together with the 2014A Escrow Account, the “Escrow Accounts”), that it will collect and receive on behalf of the City all payments of principal of and interest on the 2014A Current Refunding Securities and that it will remit from the 2014A Escrow Account and the 2014B Escrow Account, as applicable, to the respective paying agents for the Series 2004 Bonds and the Series 2007 Bonds and to the holder of the Series 2005 Note pursuant to the instruction letter from the City, the funds required for the payment of principal of the Series 2004 Refunded Bonds, the Series 2007 Refunded Bonds and the Series 2005 Refunded Note, respectively, and interest thereon as shown on the attached Exhibit B.

(a) The Escrow Agent shall with respect to the Series 2004 Bonds:

(i) not less than 30 days prior to July 1, 2014, provide notice of the redemption of the Series 2004 Refunded Bonds (in the form of Exhibit C hereto), by first class mail, or by other means required by the securities depository, to the registered owners of each Series 2004 Refunded Bond at their addresses as they appear on the bond register, as required by Section 2.06 of the resolution of the City Commission of the City adopted June 15, 2004, authorizing the issuance of the Series 2004 Bonds (the “2004 Resolution”); and

(ii) not less than 35 days prior to July 1, 2014, provide notice of the redemption of the Series 2004 Refunded Bonds (in the form of Exhibit C hereto) by certified mail or telecopy to United Bankers’ Bank or its successors or assigns, if any; to The Depository Trust Company, of New York, New York (“DTC”); and to the MSRB through EMMA.

(b) The Escrow Agent shall with respect to the Series 2007 Bonds:

(i) not less than 30 days prior to May 9, 2014, provide notice of the redemption of the Series 2007 Refunded Bonds (in the form of Exhibit D hereto)), by first class mail, or by other means required by the securities depository, to the registered owners of each Series 2007 Refunded Bond at their addresses as they appear on the bond register, as required by Section 2.06 of the resolution of the City Commission of the City adopted May 1, 2007, authorizing the issuance of the Series 2007 Bonds (the “2007 Resolution”); and

(ii) not less than 35 days prior to May 9, 2014, provide notice of the redemption of the Series 2007 Refunded Bonds (in the form of Exhibit D hereto) by

certified mail or telecopy to Stifel Nicolaus & Company, Incorporated or its successors or assigns, if any; to DTC; and to the MSRB through EMMA.

(c) The Escrow Agent shall with respect to the Series 2005 Note, not less than 10 days prior to April 14, 2014, provide notice of the redemption of the Series 2005 Refunded Note (in the form of Exhibit E hereto), by first class mail, to the holder of such Series 2005 Refunded Note to be redeemed at its address as it appears on the bond register, as required by Section 3.06 of the resolution of the City Commission of the City adopted December 6, 2005, authorizing the issuance of the Series 2005 Note.

After provision for payment of all Refunded Bonds with interest accrued thereon, the Escrow Agent will remit any remaining funds in the Escrow Accounts to the City, which will hold said cash in the applicable Debt Service Accounts for application toward the payment of the interest to become due on the Series 2014A Bonds and the Series 2014B Bonds, as the case may be, on July 1, 2014.

The City has received a certification from D.A. Davidson & Co., of Great Falls, Montana, that the 2014A Current Refunding Securities deposited in the 2014A Escrow Account and described in Exhibit A hereto mature at such times and bear interest at such rates that the collections of principal thereof and interest thereon, together with the beginning cash balance in the 2014A Escrow Account, will be sufficient to pay the redemption price of the Series 2004 Refunded Bonds on July 1, 2014 and the redemption price of the Series 2007 Refunded Bonds on May 9, 2014, and the cash balance in the 2014B Escrow Account will be sufficient to pay the redemption price of the Series 2005 Refunded Note on April 14, 2014, as described in Exhibit B hereto, including all interest accrued thereon.

4. The federal securities described in Exhibit A hereto may, at the written direction of the City, be replaced, in whole or in part, with direct obligations of the United States and which mature as to principal and interest in such amounts and at such times as will assure the availability of sufficient moneys to make payment when due of the principal and redemption price of the Refunded Bonds, at the stated maturities or upon the redemption thereof, plus interest on the Refunded Bonds to the respective maturity or redemption date thereof; provided, however, that concurrently with such written direction, the City shall provide the Escrow Agent with (a) a certification of an independent certified public accountant as to the sufficiency of the federal securities to be subject to this Agreement following such replacement and as to the yields thereof, setting forth in reasonable detail the calculations underlying such certification, and (b) an unqualified opinion of nationally recognized bond counsel to the effect that such replacement (1) will not cause any Series 2004 Refunded Bonds, Series 2007 Refunded Bonds or the Series 2014A Bonds to be subjected to treatment as an “arbitrage bond,” as defined in Section 148(a) of the Internal Revenue Code of 1986, as amended (“the Code”), and (2) is otherwise in compliance with this Agreement and the 2004 Resolution and the 2007 Resolution.

Any replacement authorized by this Section 4 shall be accomplished by sale, transfer, request for redemption or other disposition of all or a portion of the federal securities described in Exhibit A hereto with the proceeds thereof being applied to the purchase of substitute federal securities or other eligible securities, all as specified in the written direction of the City.

The City acknowledges that regulations of the Comptroller of the Currency grant the City the right to receive brokerage confirmations of the security transactions as they occur. The City specifically waives such notification to the extent permitted by law and will receive periodic cash transaction statements from the Escrow Agent which will detail all investment transactions.

5. The Escrow Agent agrees that it will not reinvest any cash received in payment of the principal of and interest on the federal securities held in the 2014A Escrow Account without the City's prior written consent following consultation with bond counsel.

6. The Escrow Agent also acknowledges receipt of a sum described in a letter agreement between the City and the Escrow Agent, as and for full compensation for all services to be performed by it as Escrow Agent under this Agreement, and the Escrow Agent expressly waives any lien upon or claim against the moneys and investments in the Escrow Accounts.

7. If at any time it shall appear to the Escrow Agent that the money in the Escrow Accounts will not be sufficient to make any payment due to the owners of any of the Refunded Bonds, the Escrow Agent shall immediately notify the City. Upon receipt of such notice, the City shall forthwith transmit to the Escrow Agent for deposit in the Escrow Accounts from moneys on hand and legally available therefor, such additional moneys as may be required to make any such payment.

8. By no later than July 15, 2014, the Escrow Agent shall submit to the City a report covering all money it shall have received and all payments it shall have made or caused to be made hereunder. Such report shall also list all obligations held in the Escrow Accounts and the amount of money existing in the Escrow Accounts, if any, on July 15, 2014.

9. It is recognized that title to the federal securities and moneys held in the Escrow Accounts from time to time shall remain vested in the City but subject always to the prior charge and lien thereon of this Agreement and the use thereof required to be made by the provisions of this Agreement. The Escrow Agent shall hold all such money and obligations in the Escrow Accounts as a special trust fund and account separate and wholly segregated from all other funds and securities of the Escrow Agent on deposit therein and shall never commingle such money or securities with other money or securities. It is understood and agreed that the responsibility of the Escrow Agent under this Agreement is limited to the safekeeping and segregation of the funds and securities deposited with it in the Escrow Accounts and the collection of and accounting for the principal and interest payable with respect thereto.

10. This Agreement is made by the City for the benefit of the owners of the Refunded Bonds and is not revocable by the City, and the investments and other funds deposited in the Escrow Accounts and all income therefrom have been irrevocably appropriated for the payment and redemption of the Refunded Bonds and interest thereon, in accordance with this Agreement.

11. This Agreement shall be binding upon and shall inure to the benefit of the City and the Escrow Agent and their respective successors and assigns. In addition, this Agreement shall constitute a third-party beneficiary contract for the benefit of the owners of the Refunded Bonds. Said third-party beneficiaries shall be entitled to enforce performance and observance by the City and the Escrow Agent of the respective agreements and covenants herein contained as

fully and completely as if said third-party beneficiaries were parties hereto. Any bank or trust company into which the Escrow Agent may be merged or with which it may be consolidated or any bank or trust company resulting from any merger or consolidation to which it shall be a party or any bank or trust company to which it may sell or transfer all or substantially all of its corporate trust business shall, if the City approves, be the successor agent hereunder without the execution of any additional document or the performance of any further act.

12. This Agreement shall terminate when all of the Refunded Bonds have been discharged and any and all remaining cash has been distributed in accordance with Section 3 and the Escrow Agent's report has been made in accordance with Section 8.

13. This Agreement may not be amended except to (i) sever any clause herein deemed to be illegal, (ii) provide for the substitution of securities as permitted by Sections 3 and 4 hereof or (iii) cure any ambiguity or correct or supplement any provision herein which may be inconsistent with any other provision; provided that the Escrow Agent shall determine that any such amendment shall not adversely affect the owners of the Refunded Bonds.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed by their duly authorized officers, as of the 3rd day of April, 2014.

CITY OF GREAT FALLS, MONTANA

By \_\_\_\_\_  
Mayor

And \_\_\_\_\_  
City Manager

And \_\_\_\_\_  
City Fiscal Services Director

And \_\_\_\_\_  
City Clerk

(Signature Page to Escrow Agreement between  
the City of Great Falls, Montana and U.S. Bank National Association regarding  
\$2,350,000 General Obligation Refunding Bonds, Series 2014A and \$1,065,000 Limited Tax  
General Obligation Refunding Bonds (Taxable), Series 2014B)

U.S. BANK NATIONAL ASSOCIATION,  
as Escrow Agent

By \_\_\_\_\_  
Its Assistant Vice President

(Signature Page to Escrow Agreement between  
the City of Great Falls, Montana and U.S. Bank National Association regarding  
\$2,350,000 General Obligation Refunding Bonds, Series 2014A and \$1,065,000 Limited Tax  
General Obligation Refunding Bonds (Taxable), Series 2014B)

EXHIBIT A

\$2,350,000  
General Obligation Refunding Bonds, Series 2014A  
City of Great Falls, Montana

Cash: \$1.03 (\$0.25 for refunding of Series 2004 Refunded Bonds and \$0.78 for refunding of Series 2007 Refunded Bonds)

Current Refunding Securities (for refunding of the Series 2004 Refunded Bonds):

*United States Treasury Securities*  
—*State and Local Government Series (SLGS)*

<u>Type</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
Certificate	07/01/2014	\$1,527,381	0.030%

Current Refunding Securities (for refunding of the Series 2007 Refunded Bonds):

*United States Treasury Securities*  
—*State and Local Government Series (SLGS)*

<u>Type</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
Certificate	05/09/2014	\$1,039,577	0.040%

\$1,065,000  
Limited Tax General Obligation Refunding Bonds (Taxable), Series 2014B  
City of Great Falls, Montana

Cash: \$1,055,777.91 (for refunding of the Series 2005 Refunded Note)



EXHIBIT B

\$2,350,000  
General Obligation Refunding Bonds, Series 2014A  
City of Great Falls, Montana

DEBT SERVICE SCHEDULE FOR  
SERIES 2004 REFUNDED BONDS

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
07/01/2014	\$1,495,000.00	\$32,381.25	\$1,527,381.25

DEBT SERVICE SCHEDULE FOR  
SERIES 2007 REFUNDED BONDS

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
05/09/2014	\$1,025,000.00	\$14,577.78	\$1,039,577.78

\$1,065,000  
Limited Tax General Obligation Refunding Bonds (Taxable), Series 2014B  
City of Great Falls, Montana

DEBT SERVICE SCHEDULE FOR  
SERIES 2005 REFUNDED NOTE

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
04/14/2014	\$1,054,338.74	\$1,439.17	\$1,055,777.91

EXHIBIT C

NOTICE OF REDEMPTION

General Obligation Bonds, Series 2004  
City of Great Falls, Montana

NOTICE IS HEREBY GIVEN that the City of Great Falls, Montana (the “City”), has called for redemption all of its General Obligation Bonds, Series 2004, dated, as originally issued, as of June 22, 2004 maturing on July 1 in the years and amounts and bearing interest and CUSIP numbers as set forth below:

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>
2015	\$125,000	3.90%	390424 FQ7
2016	130,000	4.00	390424 FR5
2017	135,000	4.10	390424 FS3
2018	140,000	4.20	390424 FT1
2019	145,000	4.30	390424 FU8
2020	150,000	4.35	390424 FV6
2021	155,000	4.45	390424 FW4
2022	165,000	4.50	390424 FX2
2023	170,000	4.60	390424 FY0
2024	180,000	4.65	390424 FZ7

Such bonds have been called for redemption on July 1, 2014, and interest thereon will cease to accrue from and after said date. The redemption price is equal to 100% of the principal amount of the bonds plus interest accrued to the date of redemption, without premium.

Holders of such bonds maturing in said years should surrender their bonds for payment to U.S. Bank National Association, of Seattle, Washington, as paying agent, for payment on July 1, 2014 at its operations center at 60 Livingston Avenue - Bond Drop Window, St. Paul, Minnesota 55107 or if by mail to P.O. Box 64111, St. Paul, Minnesota 55164-0111.

Important Notice:

We are required by law to withhold an applicable portion of the principal amount of your holdings redeemed unless we are provided with your social security number or federal employer identification number, properly certified. Accordingly, you are instructed to submit at the time of surrender of your bonds a W-9 Form which may be obtained at a bank or other financial institution.

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time the payment is made if the tax identification number is not properly certified.

The paying agent shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Redemption Notice. It is included solely for the convenience of the holders.

Interest on the bonds shall cease to accrue on July 1, 2014 and the holders thereof shall have no further rights with respect thereto except to receive the redemption price so deposited.

Dated: April 3, 2014.

BY ORDER OF THE CITY COMMISSION  
OF THE CITY OF GREAT FALLS,  
MONTANA

\_\_\_\_\_  
Fiscal Services Director

U.S. BANK NATIONAL ASSOCIATION

By \_\_\_\_\_  
Its \_\_\_\_\_

EXHIBIT D

NOTICE OF REDEMPTION

General Obligation Bonds, Series 2007  
City of Great Falls, Montana

NOTICE IS HEREBY GIVEN that the City of Great Falls, Montana (the “City”), has called for redemption all of its General Obligation Bonds, Series 2007, dated, as originally issued, as of June 1, 2007 maturing on July 1 in the years and amounts and bearing interest and CUSIP numbers as set forth below:

<u>Maturity</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP</u> <u>Number</u>
2014	\$245,000	4.000	390424 GG8
2015	250,000	4.000	390424 GH6
2016	260,000	4.000	390424 GJ2
2017	270,000	4.000	390424 GK9

Such bonds have been called for redemption on May 9, 2014, and interest thereon will cease to accrue from and after said date. The redemption price is equal to 100% of the principal amount of the bonds plus interest accrued to the date of redemption, without premium.

Holders of such bonds maturing in said years should surrender their bonds for payment to U.S. Bank National Association, of Seattle, Washington, as paying agent, for payment on May 9, 2014 at its operations center at 60 Livingston Avenue - Bond Drop Window, St. Paul, Minnesota 55107 or if by mail to P.O. Box 64111, St. Paul, Minnesota 55164-0111.

Important Notice:

We are required by law to withhold an applicable portion of the principal amount of your holdings redeemed unless we are provided with your social security number or federal employer identification number, properly certified. Accordingly, you are instructed to submit at the time of surrender of your bonds a W-9 Form which may be obtained at a bank or other financial institution.

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time the payment is made if the tax identification number is not properly certified.

The paying agent shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Redemption Notice. It is included solely for the convenience of the holders.

Interest on the bonds shall cease to accrue on May 9, 2014 and the holders thereof shall have no further rights with respect thereto except to receive the redemption price so deposited.

Dated: April 3, 2014.

BY ORDER OF THE CITY COMMISSION  
OF THE CITY OF GREAT FALLS,  
MONTANA

\_\_\_\_\_  
Fiscal Services Director

U.S. BANK NATIONAL ASSOCIATION

By \_\_\_\_\_  
Its \_\_\_\_\_

## EXHIBIT E

### NOTICE OF REDEMPTION

General Fund Obligation Note, Series 2005  
City of Great Falls, Montana

NOTICE IS HEREBY GIVEN that the City of Great Falls, Montana (the "City"), has called for redemption its General Fund Obligation Note, Series 2005, dated, as originally issued, as of December 15, 2005. Such note has been called for redemption on April 14, 2014, and interest thereon will cease to accrue from and after said date. The redemption price is equal to 100% of the outstanding principal amount of the note plus interest accrued to the date of redemption, without premium. The redemption price for the Note is \$1,055,777.91 (\$1,054,338.74 outstanding principal amount plus \$1,439.17 interest accrued since the previous interest payment date through the redemption date).

The holder of the note should surrender the note for payment to the City Fiscal Services Director, as paying agent, for payment on April 14, 2014 at 2 Park Drive South, Civic Center, Room 104, Great Falls, Montana 59403 or if by mail to P.O. Box 5021, Great Falls, Montana 59403, Attention: City Fiscal Services Director.

#### Important Notice:

We are required by law to withhold an applicable portion of the principal amount of your holdings redeemed unless we are provided with your social security number or federal employer identification number, properly certified. Accordingly, you are instructed to submit at the time of surrender of your note a W-9 Form which may be obtained at a bank or other financial institution.

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time the payment is made if the tax identification number is not properly certified.

Interest on the note shall cease to accrue on April 14, 2014 and the holders thereof shall have no further rights with respect thereto except to receive the redemption price so deposited.

Dated: April 3, 2014.

BY ORDER OF THE CITY COMMISSION  
OF THE CITY OF GREAT FALLS,  
MONTANA

\_\_\_\_\_  
Fiscal Services Director

U.S. BANK NATIONAL ASSOCIATION

By \_\_\_\_\_  
Its \_\_\_\_\_