

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Great Falls, Cascade County, Montana (the "City") , hereby certify that the attached Resolution is a true copy of Resolution No. 10131, entitled: RESOLUTION RELATING TO \$1,540,000.00 SANITATION SYSTEM REVENUE BOND, SERIES 2016; AUTHORIZING THE ISSUANCE, AWARDED THE SALE AND FIXING THE TERMS AND CONDITIONS THEREOF AND CREATING SPECIAL ACCOUNTS AND PLEDGING CERTAIN REVENUES AS SECURITY THEREFOR (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 at a regular meeting on the _____ day of _____, 2016, 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and notice of such meeting as required by law, and that the Resolution has not as of the date hereof been amended or repealed.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 Commission Members voted in favor thereof: _____; voted against the same: _____; abstained from voting thereon: _____, were absent: _____.

WITNESS my hand officially this _____ day of _____, 2016.

City Clerk

RESOLUTION NO. 10131

RESOLUTION RELATING TO \$1,540,000.00 SANITATION SYSTEM REVENUE BOND, SERIES 2016; AUTHORIZING THE ISSUANCE, AWARDING THE SALE AND FIXING THE TERMS AND CONDITIONS THEREOF AND CREATING ACCOUNTS AND PLEDGING CERTAIN REVENUES AS SECURITY THEREFOR

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

Section 1. Definitions, Authorizations and Findings.

1.01. Definitions. The terms defined in this Section 1.01 shall for all purposes of this Resolution have the meanings herein specified, unless the context clearly otherwise requires:

Act shall mean Montana Code Annotated, Title 7, Chapter 7, Part 44, as heretofore and hereafter amended or supplemented.

Board of Investments shall mean the Board of Investments of the State of Montana, or any successor to its functions under State law.

Bonds shall mean the Series 2016 Bond and any Additional Bonds.

Bondholder shall mean the Board of Investments.

Bond Register shall mean, with respect to the Series 2016 Bond, the registration books maintained by the Clerk/Treasurer pursuant to Section 4.02.

Borrower shall mean City of Great Falls.

Business Day shall mean any day other than a Saturday, Sunday or other day on which commercial banks located in the City in which the principal office of the Registrar are not open for business or are authorized by law to close.

City shall mean City of Great Falls, Montana, its successors and assigns.

City Resolution shall mean a resolution, ordinance or other appropriate enactment by the Commission certified by the City Clerk to have been duly adopted and to be in full force and effect.

Commission shall mean the City Commission of the City or any successor governing body of the City.

Debt Service Account shall mean the account created by Section 7.03.

Fiscal Year shall mean the period commencing on the first day of July of any year and ending on the last day of June of the next year, or any other specified twelve-month period, authorized by law and specified by the Commission as the fiscal year of the City.

Holder shall mean a Bondholder.

Interest Payment Date shall mean each February 15 and August 15, or any date specified in the Bond and in this Resolution as a fixed date for payment of an installment of interest on any of the Bonds.

Maturity shall mean, when used with respect to any Bond, the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at its Stated Maturity or if by early redemption.

Net Revenues shall mean the Revenues for a specified period less the Operating Expenses for the same period.

Operating Expenses shall mean the current expenses, paid or accrued, of operation, maintenance and minor repair of the System, excluding interest on the Bonds and depreciation, as calculated in accordance with generally accepted accounting principles, and shall include, without limitation, administrative expenses of the City relating solely to the System, premiums for insurance on the properties thereof, labor and the cost of materials and supplies used for current operation and for maintenance, and charges for the accumulation of appropriate reserves for current expenses which are not recurrent regularly but may reasonably be expected to be incurred.

Original Purchaser shall mean, with respect to any series of Bonds, the Board of Investments.

Outstanding shall mean, when used with reference to Bonds, as of the date of determination, all Bonds unpaid.

Person shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Principal and Interest Requirements shall mean, with respect to any Outstanding Bonds and for any Fiscal Year, the amount of principal of and interest on such Bonds due and payable during such Fiscal Year.

Principal Payment Date shall mean each February 15 and August 15 or any date specified in the Bond and in this Resolution as a fixed date for payment of an installment of principal on any of the Bonds.

Redemption Date when used with respect to any Bond to be redeemed shall mean the date on which it is to be redeemed pursuant hereto.

Redemption Price when used with respect to any Bond to be redeemed shall mean the price at which it is to be redeemed pursuant hereto.

Refuse Vehicle Account shall mean the account created by Section 7.02.

Registrar shall mean, with respect to the Series 2016 Bond, the Clerk/Treasurer of the City.

Repair and Replacement Account shall mean the account created by Section 7.05.

Reserve Account shall mean the account created by Section 7.04.

Reserve Requirement shall mean 10% of the principal amount of Bonds drawn.

Resolution shall mean this Resolution No. 10131 ordinance or other appropriate enactment by the Borrowers certified by the City Clerk to have been duly adopted and to be in full force and effect.

Revenues shall mean all revenues and receipts from rates, fees, charges and rentals imposed for the availability, benefit and use of the System, and from penalties and interest thereon, and from any sales of property which is a part of the System and income received from the investment of such revenues and receipts, including interest earnings on the accounts of the System.

Series 2016 Bond shall mean the City Sanitation System Revenue Bond, Series 2016, issued in the original principal amount of \$1,540,000.00 (\$1,400,000.00 + 10% Reserve) pursuant to this Resolution.

Sanitation Fund shall mean the fund created by Section 7.01.

State shall mean the State of Montana.

Stated Maturity when used with respect to any Bond shall mean the date specified in such Bond as the fixed date on which the principal of such Bond is due and payable.

System shall mean the City municipal sanitation system, as it may at any time exist, including any replacement, expansion and improvement thereof.

1.02. Authorization. Under the Act, the City is authorized to issue and sell its revenue bonds payable during a term not exceeding forty years from their date of issue, to provide funds for the reconstruction, improvement, betterment and extension of a municipal sanitation system, provided that the bonds and the interest thereon are to be payable solely out of the income and revenues to be derived from rates, fees and charges for the services, facilities and commodities furnished by such sanitation system, and are not to create any obligation for the payment of which taxes may be levied except to pay for services provided by the sanitation system to the City.

1.03. The 2016 Project. The City, has determined the necessity of upgrading the System by the 2016 Project. The 2016 Project consists of purchasing refuse vehicles for its sanitation fleet. The estimated cost of the project is \$1,540,000.00 with the City receiving approximately \$1,540,000.00 in Bond proceeds of which \$140,000.00 is for a reserve.

1.04. Outstanding Indebtedness. No bonds or other indebtedness are outstanding that are payable in whole or in part from or secured by revenues of the System.

1.05. Net Revenues Available. The City is authorized to charge just and equitable rates, charges and rentals for all services directly or indirectly furnished by the System, and to pledge and appropriate to the Series 2016 Bond the Net Revenues to be derived from the operation of the System. The Net Revenues to be produced by such rates, charges and rentals during the term of the Series 2016 Bond and the useful life of the improvements financed thereby will be more than sufficient to pay the principal and interest when due on the Series 2016 Bond, and to create and maintain reasonable reserves therefor and to provide an allowance for replacement and depreciation, as herein prescribed.

1.06. Sale of Series 2016 Bond. Pursuant to the authority recited in Section 1.02 and for the purpose of undertaking the 2016 Project, this Commission hereby authorizes the issuance of the Series 2016 Bond. The Board of Investments has agreed, subject to certain terms and conditions, to lend the City \$1,540,000.00 to finance the cost of the 2016 Project. The terms and conditions of the loan, as set forth in a Term Sheet dated November 17, 2015, are reasonable and advantageous to the City and are hereby accepted.

It is hereby found and determined to be necessary and expedient for the City to issue and sell to the Board of Investments, pursuant to Montana Code Annotated, Section 7-7-4433, the Series 2016 Bonds, to be designated as the "Sanitation System Revenue Bonds, Series 2016," in the principal amount of \$1,540,000.00, at a price equal to its principal amount. The remaining costs of the 2016 Project, if any, not financed by the Series 2016 Bond will be paid from money that the City has on hand or available from sanitation funds.

1.07. Recitals. All acts, conditions and things required by the Constitution and laws of the State to be done, to exist, to happen and to be performed prior to the issuance of the Series 2016 Bond have been done, do exist, have happened, and have been performed in due time, form and manner, wherefore it is now necessary for the Borrowers to establish the form and terms of the Series 2016 Bond, to provide for the security thereof and to issue the Series 2016 Bond forthwith.

Section 2. The Bonds. The Bonds shall be special, limited obligations of the City. Principal of, premium, if any, and interest on the Bonds shall be payable solely from Net Revenues (other than to the extent payable out of proceeds of the Bonds). The Bonds shall not be or constitute a pledge of the general credit or taxing powers of the City of any kind whatsoever. Neither the Bonds nor any of the agreements or obligations of the City contained herein shall be construed to constitute an indebtedness of the State or the City within the meaning of any constitutional or statutory provisions whatsoever.

Section 3. Form of the Series 2016 Bond. The Series 2016 Bond shall be prepared in substantially the form attached as Exhibit A hereto, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution.

Section 4. Terms of the Series 2016 Bond.

4.01. Date, Maturity and Interest. The Series 2016 Bond to be issued and sold pursuant to this Resolution shall be designated a Sanitation System Revenue Bond, Series 2016, shall be in the principal amount of \$1,540,000.00, shall be one in number, shall be dated as of the date of delivery thereto and payment therefor by the Board of Investments, and shall bear interest from the date of issuance of the Series 2016 Bond at the rate per annum equal to the Variable Rate (as hereinafter defined), as such may be adjusted from time to time as hereinafter provided. Interest shall be computed on the basis of the actual number of days in the year and the actual number of days outstanding. Interest and principal installments of the Series 2016 Bond shall be payable on each February 15 and August 15, commencing August 15, 2016 and including February 15, 2022 (each an Interest and Principal Payment Date), with principal payable on such Payment Dates in the respective amounts set forth in Exhibit B hereto (which is hereby incorporated herein and made a part hereof), with interest then accrued and unpaid on the outstanding principal amount hereof. All outstanding principal, together with accrued and unpaid interest hereon shall be payable on the final Principal Payment Date, February 15, 2022.

Outstanding principal installments of the Series 2016 Bond shall bear interest from the date thereof until paid at the Variable Rate, as such may be adjusted from time to time as hereinafter provided. Until the initial Adjustment Date (as hereinafter defined), the Variable Rate shall be one and fifty-five hundredths percent (1.55%) per annum. Thereafter, for each Adjustment Period (as hereinafter defined), the Variable Rate shall be the rate per annum equal to the interest rate in effect on the Board of Investment's INTERCAP Program as of the Adjustment Date, but in no event to exceed fifteen percent (15.00%) per annum. As used herein, "Adjustment Date" means February 15 in the years 2017 through 2021 and "Adjustment Period" means the period beginning on an Adjustment Date and ending on the day before the next succeeding Adjustment Date or the final stated maturity of the Series 2016 Bond, whichever is earlier; provided that if the Series 2016 Bond is not paid at its final stated maturity, the final Adjustment Period with respect to the Series 2016 Bond shall extend until all principal installments hereof are paid or provision has been duly made for their payment.

4.02. Registration. The Series 2016 Bond shall be fully registered as to both principal and interest and shall be registered in the name of and payable to the Board of Investments.

4.03. Redemption. The City may redeem any installment of principal of the Bonds on any Business Day at a price equal to the principal amount to be redeemed plus interest accrued to the date of redemption provided that the City gives at least thirty days notice to the Holder.

4.04. Execution and Delivery. The Series 2016 Bond shall be prepared under the direction of the City Clerk and shall be executed on behalf of the City by the signatures of the City Manager and countersigned by the City Clerk, and sealed with the official corporate seal of the City. When the Series 2016 Bond has been executed, the City Clerk shall cause it to be dated as of the date of delivery and delivered to the Board of Investments, as purchaser thereof, upon payment of the purchase price heretofore agreed upon.

Section 5. Use of Proceeds of Series 2016 Bond. The proceeds of the Series 2016 Bond are hereby appropriated to the Sanitation Fund and shall be deposited in the Reserve Account created therein by this Resolution in an amount equal to the initial Reserve Requirement and the balance of the proceeds shall be deposited in the Refuse Vehicle Account created by this Resolution and applied to the costs of the 2016 Project.

Section 6. Additional Bonds. The City agrees that if additional bonds are necessary and if they are to be issued and secured by the revenues of the System, the additional bonds will need to meet the reserve requirement and the 125% coverage test herein described, otherwise, the additional bonds will be subordinate to the Outstanding Bonds and the Series 2016 Bonds.

Section 7. Sanitation Fund.

7.01. Bond Proceeds and Revenues Pledged and Appropriated. A Sanitation Fund shall be maintained as a separate bookkeeping account on the official books of the City until all Bonds and interest and redemption premiums due thereon have been fully paid, or the City's obligations with reference to such Bonds has been discharged as provided in Section 10. All proceeds of Bonds and all other funds presently on hand derived from the operation of the System are irrevocably pledged and appropriated to the Sanitation Fund. In addition, there is hereby irrevocably pledged and appropriated to the Sanitation Fund all Revenues. Within the Sanitation Fund shall be separate accounts designated and described in Sections 7.02 through 7.06, to segregate income and expenses received, paid and accrued for the respective purposes described in those sections. The Revenues received in the Sanitation Fund shall be apportioned monthly as of the first day of each month, commencing May 1, 2016.

7.02. Refuse Vehicle Account. The Refuse Vehicle Account is hereby established as a separate account within the Sanitation Fund. Upon delivery of the Series 2016 Bond, the City shall credit to the Refuse Vehicle Account, the proceeds of the Series 2016 Bond, to be applied to the payment of costs of the 2016 Project. Any amount not used for Project Costs shall be transferred to the Reserve Account to the extent required to establish the Reserve Requirement therein and, to the extent not so required, to the Debt Service Account.

7.03. Debt Service Account. The Debt Service Account is hereby established as a separate account within the Sanitation Fund. As of each monthly apportionment there shall be credited to the Debt Service Account out of the Net Revenues an amount equal to the principal of and interest on the Series 2016 Bond payable on the next succeeding installment payment date provided that the City shall be entitled to reduce a monthly apportionment by the amount of any surplus previously credited and then on hand in the Debt Service Account. Money from time to time held in the Debt Service Account shall be disbursed only to meet payments of principal of and interest on the Bonds as such payments become due; provided that on any date when the amount then on hand in the Debt Service Account, plus the amount in the Reserve Account allocable to a series of Bonds, are sufficient with other moneys available for the purpose to pay or discharge all Bonds of that series and the interest accrued thereon in full, they may be used for that purpose. If any payment of principal or interest becomes due when money in the Debt Service Account is temporarily insufficient therefor, such payment shall be advanced from available funds then on hand in the Repair and Replacement Account then the Reserve Account.

7.04. Reserve Account. The Reserve Account is hereby established as a separate account within the Sanitation Fund. From the proceeds of the Series 2016 Bond, there shall be deposited an amount equal to the initial Reserve Requirement. Thereafter, upon each monthly apportionment, if the balance in the Reserve Account is less than the Reserve Requirement, all Net Revenues in the Sanitation Fund remaining after the required credit to the Debt Service Account shall be credited to the Reserve Account until the balance therein equals the Reserve Requirement.

If on any Interest Payment Date or Principal Payment Date there shall exist a deficiency in the Debt Service Account, the 2016 shall immediately transfer from the Reserve Account to the Debt Service Account an amount equal to such deficiency.

Money held in the Reserve Account shall be used only to pay maturing principal and interest when money in the Debt Service Account is insufficient therefor or to pay a series of Bonds as provided in Section 7.03.

If at any time (including, but not limited to, any Principal Payment Date and any Redemption Date), the balance in the Reserve Account exceeds the Reserve Requirement, the City shall transfer such excess to the Debt Service Account to establish the required balance therein.

7.05. Repair and Replacement Account. The Repair and Replacement Account is hereby established as a separate account within the Sanitation Fund. As of each monthly apportionment, there shall be credited to the Repair and Replacement Account such portion of the Net Revenues, in excess of the current requirements of the Debt Service Account and the Reserve Account (which portion of the Revenues is referred to herein as "Surplus Net Revenues"), as the City shall determine to be required for replacement or renewal of worn out, obsolete or

damaged properties and equipment of the System. Money in the Repair and Replacement Account shall be used only for the purposes above stated or, if so directed by the City Commission, to pay Operating Expenses, to redeem Bonds which are prepayable according to their terms, to pay principal or interest when due thereon as required in Section 7.03, or to pay the cost of improvements to the System.

7.06. Transfers from System Not Allowed. No money shall at any time be transferred from any account of the Sanitation Fund to any other fund of the City, nor shall such moneys at any time be loaned to other City funds or invested in warrants, special improvement bonds or other obligations payable from other funds.

Section 8. Covenants.

8.01. General. The City covenants and agrees with the Holder that until all Bonds are fully discharged as provided in this Resolution, it will continue to hold, maintain and operate the System as a public convenience, free from all liens thereon or on the income therefrom other than the liens herein granted or provided for, and will maintain, expend and account for its Sanitation Fund and the several accounts therein as provided in Section 7, and will not incur a further lien or charge on the income or revenues of the System except upon the conditions and in the manner prescribed in Section 6, and will perform and cause all officers and employees of the City to perform and enforce each and all of the additional covenants and agreements set forth in this Section 8. The City further covenants to cause the System to be properly maintained.

8.02. Competing Service. The City will not establish or enfranchise any additional facilities in competition with the facilities of the System.

8.03. Property Insurance. The City will cause all buildings, properties, fixtures and equipment constituting a part of the System to be kept insured with a reputable insurance carrier or carriers, qualified under the laws of the State, in such amounts as are ordinarily carried, and against loss or damage by such hazards and risks as are ordinarily insured against, by public bodies owning and operating properties of a similar character and size.

8.04. Liability Insurance and Surety Bonds. The City will carry insurance against liability of the City and its employees for damage to persons and property resulting from the operation of the System in such amounts as the City determines from time to time to be necessary or advisable by reason of the character and extent of such operation.

8.05 Books and Records. The City 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 System, the Net Revenues derived from its operation, and the segregation and application of the Net Revenues in accordance with this Resolution, in such reasonable detail as may be determined by the City in accordance with generally accepted accounting practice and principles.

8.06. Cost of Insurance and Accounting. The costs of insurance for the System and the costs of bookkeeping herein provided for and of the billings and collection of the Revenues shall be payable from the Operating Expenses.

8.07. Rates and Charges. While any Bonds are Outstanding and unpaid, the rates, charges and rentals for all services and facilities furnished and made available by the System to the City and its inhabitants, and to all customers within or without the boundaries of the City, shall be reasonable and just, taking into consideration the cost and value of the System and the cost of maintaining and operating them, and the amounts necessary for the payment of all Bonds and the interest accruing thereon, and the proper and necessary allowances for the depreciation of the System, and no free service shall be provided to any person or corporation. It is covenanted and agreed that the rates, charges and rentals to be charged to all recipients of sanitation services shall be maintained and shall be revised whenever and as often as may be necessary, according to schedules such that the revenues for each fiscal year will be at least sufficient to pay the current expenses of operation and maintenance as herein defined, to maintain the operating reserve herein established, to produce Net Revenues during each Fiscal Year commencing with the fiscal year ending June 30, 2016, not less than 125% of the maximum Principal and Interest

Requirements in the current or any future Fiscal Year and, if not otherwise so provided, to provide an allowance adequate for repairs, replacements and depreciation of the System.

If at the close of any Fiscal Year the Net Revenues actually received during such year have been less than required hereby, the City will forthwith prepare a schedule of altered rates, charges and rentals which are just and equitable and sufficient to produce Net Revenues and Surplus Net Revenues in such amount, and will do all things necessary to the end that such schedule will be placed in operation at the earliest possible date.

The establishment of the above ratio of Net Revenues available for the Debt Service Account is deemed necessary for the issuance of the Series 2016 Bond upon terms most advantageous to the City. The excess of the Net Revenues over the annual principal and interest and reserve requirements of the Series 2016 Bond may be used to redeem the Series 2016 Bond, if the City then determines such application to be advantageous as otherwise provided in Section 4.03 of this Resolution.

8.08. Billing. The charges for sanitation services shall be billed at least monthly, and if the bill is not paid within 60 days of the date of billing, or if the customer fails to comply with all rules and regulations established for the System within 60 days after notice of violation thereof (which notice shall be given promptly upon discovery of any such violation), the sanitation service to the premises involved shall be discontinued and shall not be resumed until payment of all past-due bills for sanitation service and compliance with all such rules and regulations.

Section 9. Amendments to Resolution. As long as any Bonds are outstanding, the terms, conditions, and covenants of this Resolution may be amended only with the written consent of the City and the Bondholder.

Section 10. Effective Date; Repeals. This Resolution shall become effective upon passage and all provisions of ordinances, resolutions and other actions and proceedings of the City which 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.

PASSED AND ADOPTED by the City Commission of the City of Great Falls, Montana, this ____ day of March, 2016.

Bob Kelly, Mayor

ATTEST:

Lisa Kunz, City Clerk

(CITY SEAL)

APPROVED FOR LEGAL CONTENT:

Sara R. Sexe, City Attorney

[Beginning of Bond Form]

EXHIBIT A
to Bond Resolution No. _____
Form of Bond

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF CASCADE

CITY OF GREAT FALLS

SANITATION SYSTEM REVENUE BOND
Series 2016

No. R-1

\$1,540,000.00

FOR VALUE RECEIVED, THE CITY OF GREAT FALLS (the "City"), a duly organized municipal corporation of the State of Montana, acknowledges itself to be specially indebted and hereby promises to pay, solely from the Debt Service Account of its Sanitation Fund, to the Board of Investments of the State of Montana (the "Board of Investments"), or registered assigns (the "Owner"), the principal sum of ONE MILLION, FIVE HUNDRED FORTY THOUSAND DOLLARS AND NO CENTS (\$1,540,000.00), in installments as set forth below, and to pay interest thereon, solely from the Debt Service Account, at an interest rate per annum equal to the Variable Rate (as hereinafter defined). Principal and interest are payable in semiannual installments on each February 15 and August 15, commencing August 15, 2016 and concluding February 15, 2022 in the respective amounts set forth in Exhibit A hereto (which is hereby incorporated herein and made a part hereof), with interest then accrued and unpaid on the outstanding principal amount hereof. All outstanding principal, together with accrued and unpaid interest hereon, shall be payable on the final payment date. The installments of principal and interest are payable at the office of U.S. Bank Trust National Association MT (formerly known as First Trust Company of Montana National Association) as trustee for the INTERCAP Program, in St. Paul, Minnesota, or such other place as the Board of Investments shall designate.

This Bond is issuable pursuant to Montana Code Annotated, Title 7, Chapter 7, Part 44, as amended (the "Act"), and a resolution (No. _____) duly adopted by the Great Falls City Commission on _____, 2016 (the "Resolution"). This Bond evidencing the first amount requested by the City to finance the Project comprises one of the Bonds of the series designated by its title (the "Series 2016 Bond"). It is issued for the purpose of financing certain improvements (the "Project") to the municipal sanitation system of the City (the "System") pursuant to and in full conformity with the Constitution and laws of the State of Montana and resolutions of the City thereunto enabling, including the Act and the Resolution, to which Resolution reference is made for the terms and conditions, other than those herein stated, upon which this Bond is issued and secured. The Bonds, including the interest thereon, are payable solely from the revenues pledged to the payment thereof and do not constitute a debt of the City within the meaning of any constitutional or statutory limitation or provision.

Outstanding principal installments of this Series 2016 Bond shall bear interest from the date hereof until paid at the Variable Rate (as hereinafter defined), as such may be adjusted from time to time as hereinafter provided. Until the initial Adjustment Date (as hereinafter defined), the Variable Rate shall be one and fifty-five hundredths percent (1.55%) per annum. Thereafter, for each Adjustment Period (as hereinafter defined), the Variable Rate shall be the rate per annum equal to the interest rate then borne by the Board of Investments' INTERCAP Program as of the Adjustment Date, but in no event to exceed fifteen percent (15.00%) per annum. As used herein, "Adjustment Date" means February 16 in the years 2017 through 2021, and "Adjustment Period" means the period beginning on an Adjustment Date and ending on the day before the next succeeding Adjustment Date or the final stated maturity of this Series 2016 Bond, whichever is earlier; provided that if this Series 2016 Bond is not paid at its final stated maturity, the final Adjustment Period with respect to this Series 2016 Bond shall extend until all principal installments hereof are paid or provision has been duly made for their payment.

The City may redeem any installment of principal of the Bonds on any Business Day at a price equal to the principal amount to be redeemed plus interest accrued to the date of redemption provided that the City gives at least thirty days notice to the Holder.

This Bond shall be registered in the name of the holder on the bond register of the City kept by the Clerk/Treasurer as Bond Registrar. This Bond is not transferable.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the City will prescribe and collect reasonable rates and charges for all services and facilities afforded by the System, including all additions thereto and replacements and improvements thereof, and has created a Sanitation Fund into which the Revenues (as defined in the Resolution) of the System will be paid, and a separate and special Debt Service Account in that fund, into which will be credited periodically, at least once in each calendar month, Net Revenues of the System then on hand (the gross revenues remaining after the payment of operating expenses of the System) an amount not less than the installment next payable on the Series 2016 Bond, and that it will deposit to the Reserve Account in the Sanitation Fund upon the issuance of this Series 2016 Bond, and that it will establish and maintain in the Reserve Account in the Sanitation Fund an amount equal to 10% of the principal amount of the Bond advanced hereunder (the "Reserve Requirement") and thereafter, from each monthly apportionment, from remaining Net Revenues after the required credits to the Debt Service Account such additional amounts as may be necessary to maintain therein a balance equal to the Reserve Requirement; that the Debt Service Account and the Reserve Account will be used only to pay the principal of, premium, if any, and interest on Bonds; that the rates and charges for the System will, from time to time be made and kept sufficient to provide Net Revenues (Revenues less Operating Expenses, as defined in the Resolution) for each fiscal year at least equal to the amount of principal and interest payable on the Series 2016 Bond to maintain the balance in the Reserve Account at the Reserve Requirement, to pay promptly the reasonable current expenses of operating and maintaining the System and to provide reserves for the repair and replacement of the System; that all provisions for the security of the holder of this 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 resolutions of the City to be done, to exist, to happen and to be performed in order to make this Bond a valid and binding special obligation of the City according to its terms have been done, do exist, have happened and have been performed as so required; and that this Bond and the interest and premium, if any, hereon are payable solely from the Net Revenues of the System pledged and appropriated to the Debt Service Account and do not constitute a debt of the City within the meaning of any constitutional or statutory limitation or provision and the issuance of the Series 2016 Bond does not cause either the general or the special indebtedness of the to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF the City of Great Falls, Cascade County, State of Montana, by its City Commission, has caused this Bond to be executed on its behalf by the signatures of the City Manager and countersigned by the City Clerk, sealed with the official corporate seal of the City, and has caused this Bond to be dated as of April 1, 2016.

City of Great Falls, Montana

By: EXAMPLE
Its: EXAMPLE

Attest:

By: EXAMPLE
Its: EXAMPLE

EXHIBIT B
to Bond Resolution No. _____
SCHEDULE OF PRINCIPAL INSTALLMENTS
PAYABLE ON THE SERIES 2016 BOND

Payment Date

Principal Installment

[End of Bond Form]

EXAMPLE



City Attorney's Office
Civic Center
P.O. Box 5021
Great Falls, MT 59403
Phone: 406-455-8422
Fax: 406-727-0005

Sara R. Sexe,
City Attorney
Neil A. Anthon,
Chief Prosecutor
Cassidy R. Blomgren,
Deputy Prosecutor

April 1, 2016

Board of Investments
of the State of Montana
2401 Colonial Drive, 3rd Floor
P. O. Box 200126
Helena, MT 59620-0126

U.S. Bank Trust National Association MT
Corporate Trust Services
Two Union Square
601 Union Street, Suite 2120
Seattle, WA 98101

Ladies and Gentlemen:

I have served as counsel to the City of Great Falls (the "Borrower") in connection with its participation in the INTERCAP Revolving Program (the "Program") of the Board of Investments of the State of Montana (the "Board"). Terms used herein which are defined in the Bond, dated as of April 1, 2016, (the "Bond") between the Borrower and the Board shall have the meanings specified therein. The resolution of the Borrower authorizing its participation in the Program and the issuance of the Bond relating thereto is herein referred to as the Bond Resolution.

I have examined, among other things:

- i) the Borrower Act;
- ii) the Bond, dated as of April 1, 2016 and executed by the Borrower;
- iii) Resolution No. 10131 of the Borrower, dated March 15, 2016 (the "Bond Resolution");
- iv) the proceedings of the Borrower with respect to the due execution and delivery by the Borrower of the Bond, and such certificates and other documents relating to the Borrower, (the Program Documents) and the Bond Resolution of the Borrower, and have made such other examination of applicable Montana law as we have deemed necessary in giving this opinion.

Based upon the foregoing, we are of the opinion that:

(a) The Borrower is a political subdivision duly organized and validly existing under the laws and Constitution of the State of Montana with full legal right, power and authority to enter into, execute and perform its obligations under the Program Documents and to carry out and effectuate the transactions contemplated thereunder.

(b) The execution of the Bond has been duly authorized and is valid, binding and enforceable against the Borrower in accordance with its terms.

(c) The execution of the Bond Resolution has been duly authorized and is valid, binding and enforceable against the Borrower in accordance with its terms.

(d) The Borrower has taken all action required to be taken by it to authorize the execution and delivery of and the performance of the obligations contained in the Program Documents; and such authorization is in full force and effect on the date hereof.

(e) The Borrower has complied with all applicable competitive bidding requirements for the purchase, acquisition, and construction of the Project.

(f) All environmental permits necessary for the construction and continued operation of the Project have been obtained.

(g) No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required to be obtained by the Borrower in connection with the execution, delivery and performance of the Program Documents or the consummation of the other transactions effected or contemplated thereby.

(h) The execution, delivery and performance of the Program Documents, and compliance with the provisions thereof will not conflict with or constitute a breach of, a violation of, or default under, the Constitution of the State of Montana, or any existing law, charter, judgment, ordinance, administrative regulation, decree, order or resolution of or relating to the Borrower and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument, to which the Borrower is a party or by which it is bound or to which it is subject.

(i) The Program Documents executed by the Borrower, when delivered to the Board, will have been duly authorized and executed and will constitute validly issued and legally binding obligations of the Borrower according to their terms.

It is understood that the enforceability of the Program Documents may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement or creditors rights.

Sincerely,



Sara R. Sexe, City Attorney

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF CASCADE

City of Great Falls

SANITATION SYSTEM REVENUE BOND
Series 2016

No. R-1

\$1,540,000.00

FOR VALUE RECEIVED, THE CITY of GREAT FALLS (the "City"), a duly organized municipal corporation of the State of Montana, acknowledges itself to be specially indebted and hereby promises to pay, solely from the Debt Service Account of its Sanitation System Fund, to the Board of Investments of the State of Montana (the "Board of Investments"), or registered assigns (the "Owner"), the principal sum of ONE MILLION, FIVE HUNDRED FORTY THOUSAND DOLLARS AND NO CENTS (\$1,540,000.00), in installments as set forth below, and to pay interest thereon, solely from the Debt Service Account, at an interest rate per annum equal to the Variable Rate (as hereinafter defined). Principal and interest are payable in semiannual installments on each February 15 and August 15, commencing August 15, 2016 and concluding February 15, 2022 in the respective amounts set forth in Exhibit A hereto (which is hereby incorporated herein and made a part hereof), with interest then accrued and unpaid on the outstanding principal amount hereof. All outstanding principal, together with accrued and unpaid interest hereon, shall be payable on the final payment date. The installments of principal and interest are payable at the office of U.S. Bank Trust National Association MT (formerly known as First Trust Company of Montana National Association) as trustee for the INTERCAP Program, in St. Paul, Minnesota, or such other place as the Board of Investments shall designate.

This Bond is issuable pursuant to Montana Code Annotated, Title 7, Chapter 7, Part 44, as amended (the "Act"), and a resolution (No. 10131) duly adopted by the Great Falls City Commission on March 15, 2016 (the "Resolution"). This Bond evidencing the first amount requested by the City to finance the Project comprises one of the Bonds of the series designated by its title (the "Series 2016 Bond"). It is issued for the purpose of financing certain improvements (the "Project") to the municipal sanitation system of the City (the "System") pursuant to and in full conformity with the Constitution and laws of the State of Montana and resolutions of the City thereunto enabling, including the Act and the Resolution, to which Resolution reference is made for the terms and conditions, other than those herein stated, upon which this Bond is issued and secured. The Bonds, including the interest thereon, are payable solely from the revenues pledged to the payment thereof and do not constitute a debt of the City within the meaning of any constitutional or statutory limitation or provision.

Outstanding principal installments of this Series 2016 Bond shall bear interest from the date hereof until paid at the Variable Rate (as hereinafter defined), as such may be adjusted from time to time as hereinafter provided. Until the initial Adjustment Date (as hereinafter defined), the Variable Rate shall be one and fifty-five hundredths percent (1.55%) per annum. Thereafter, for each Adjustment Period (as hereinafter defined), the Variable Rate shall be the rate per annum equal to the interest rate then borne by the Board of Investments' INTERCAP Program as of the Adjustment Date, but in no event to exceed fifteen percent (15.00%) per annum. As used herein, "Adjustment Date" means February 16 in the years 2017 through 2021, and "Adjustment Period" means the period beginning on an Adjustment Date and ending on the day before the next succeeding Adjustment Date or the final stated maturity of this Series 2016 Bond, whichever is earlier; provided that if this Series 2016 Bond is not paid at its final stated maturity, the final Adjustment Period with respect to this Series 2016 Bond shall extend until all principal installments hereof are paid or provision has been duly made for their payment.

The City may redeem any installment of principal of the Bonds on any Business Day at a price equal to the principal amount to be redeemed plus interest accrued to the date of redemption provided that the City gives at least thirty days notice to the Holder.

This Bond shall be registered in the name of the holder on the bond register of the City kept by the Clerk/Treasurer as Bond Registrar. This Bond is not transferable.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the City will prescribe and collect reasonable rates and charges for all services and facilities afforded by the System, including all additions thereto and replacements and improvements thereof, and has created a Sanitation Fund into which the Revenues (as defined in the Resolution) of the System will be paid, and a separate and special Debt Service Account in that fund, into which will be credited periodically, at least once in each calendar month, Net Revenues of the System then on hand (the gross revenues remaining after the payment of operating expenses of the System) an amount not less than the installment next payable on the Series 2016 Bond, and that it will deposit to the Reserve Account in the Sanitation Fund upon the issuance of this Series 2016 Bond, and that it will establish and maintain in the Reserve Account in the Sanitation Fund an amount equal to 10% of the principal amount of the Bond advanced hereunder (the "Reserve Requirement") and thereafter, from each monthly apportionment, from remaining Net Revenues after the required credits to the Debt Service Account such additional amounts as may be necessary to maintain therein a balance equal to the Reserve Requirement; that the Debt Service Account and the Reserve Account will be used only to pay the principal of, premium, if any, and interest on Bonds; that the rates and charges for the System will, from time to time be made and kept sufficient to provide Net Revenues (Revenues less Operating Expenses, as defined in the Resolution) for each fiscal year at least equal to the amount of principal and interest payable on the Series 2016 Bond to maintain the balance in the Reserve Account at the Reserve Requirement, to pay promptly the reasonable current expenses of operating and maintaining the System and to provide reserves for the repair and replacement of the System; that all provisions for the security of the holder of this 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 resolutions of the City to be done, to exist, to happen and to be performed in order to make this Bond a valid and binding special obligation of the City according to its terms have been done, do exist, have happened and have been performed as so required; and that this Bond and the interest and premium, if any, hereon are payable solely from the Net Revenues of the System pledged and appropriated to the Debt Service Account and do not constitute a debt of the City within the meaning of any constitutional or statutory limitation or provision and the issuance of the Series 2016 Bond does not cause either the general or the special indebtedness of the to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF the City of Great Falls, Cascade County, State of Montana, by its City Commission, has caused this Bond to be executed on its behalf by the signatures of the City Manager and countersigned by the City Clerk, sealed with the official corporate seal of the City, and has caused this Bond to be dated as of April 1, 2016.

City of Great Falls, Montana

By: Greg Doyon
Its: City Manager

Attest:

By: Lisa Kunz
Its: City Clerk

(SEAL)

EXHIBIT A

SCHEDULE OF PRINCIPAL INSTALLMENTS
PAYABLE ON THE SERIES 2016 BOND No. 1

<u>Payment Date</u>	<u>Principal Payment</u>
August 15, 2016	\$15,500.00
February 15, 2017	\$15,500.00
August 15, 2017	\$15,500.00
February 15, 2018	\$15,500.00
August 15, 2018	\$15,500.00
February 15, 2019	\$15,500.00
August 15, 2019	\$15,500.00
February 15, 2020	\$15,500.00
August 15, 2020	\$15,500.00
February 15, 2021	\$15,500.00
August 15, 2021	\$15,500.00
February 15, 2022	\$15,845.92

BORROWER'S DISBURSEMENT REQUEST CERTIFICATE NO. 1

INVOICES MUST BE ATTACHED TO THIS REQUEST BEFORE FUNDS ARE DISBURSED.

<u>Project # / Description</u>	<u>Amount Allocated</u>
Sanitary Fleet Vehicles	\$1,540,000.00

Revenue Bond Dated: April 1, 2016

Maturity Date: February 15, 2022

Disbursement Instructions:

Wire funds to: US Bank
 ABA #092900383
 For Cr To City of Great Falls
 Acct # 150090411979

Please describe the project being financed by this draw using the information provided above.

<u>#</u>	<u>Project Description</u>	<u>Amount</u>
<u>1</u>	<u>2017 Kenworth T800 Roll Off</u>	<u>\$169,405.38</u>
	<u>10% reserve</u>	<u>\$16,940.54</u>

Dated this _____ day of _____, 2016.

CITY OF GREAT FALLS

 By Greg Doyon
 Its City Manager

DESCRIPTION OF THE PROJECT/SUMMARY OF DISBURSEMENTS
FOR
CITY OF GREAT FALLS

Allocated
Amount
of Loan

Description of Project

1. Solid Waste Fleet Trucks \$1,540,000.00

Draw #	Description of Item	Amount Allocated for Item	Date of Draw	Amount of Draw	Amount Remaining for Item	Remaining Reserved Amount
				Reserved Amount		\$1,540,000.00
2666-01	#1 above	\$1,540,000.00	4/1/2016	186,345.92	1,353,654.08	1,353,654.08

INTERCAP PROGRAM

(An annual adjusting interest rate program for
Montana Local Governments)

TERM SHEET

of

STATE OF MONTANA BOARD OF INVESTMENTS
(herein referred to as the Board)

to

CITY OF GREAT FALLS
(hereinafter referred to as the Borrower)

BORROWER'S ADDRESS: P.O. Box 5021
Great Falls, MT 59403

PRINCIPAL CONTACT PERSON: Cheryl Lucas, Staff Accountant

PHONE NUMBER: (406) 455-8481
FACSIMILE NUMBER: (406) 452-8048
E-MAIL: clucas@greatfallsmt.net

LOAN AMOUNT: ONE MILLION FIVE HUNDRED FORTY THOUSAND AND NO/100
DOLLARS (\$1,540,000.00)

TERM OF LOAN: 6 years

TERM SHEET ISSUANCE DATE: November 17, 2015

TERM SHEET VALID THROUGH: November 17, 2016

BORROWER ACT: 7-7-4421, 7-7-4402, 7-7-4426, M.C.A.

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INTERCAP LOAN PROGRAM

Term Sheet

Section 1. Definitions.

Capitalized terms herein shall have the respective meanings assigned them in this Section 1, unless the context clearly otherwise requires:

"Act" shall mean Title 17, Chapter 5, Part 16, M.C.A., as amended.

"Adjusted interest rate" shall mean the interest rate on the Loan determined and established pursuant to the Loan Agreement or Bond Resolution.

"Application" shall mean the completed application form executed by the Borrower and submitted to the Board.

"Board" shall mean the State of Montana Board of Investments, a public body corporate organized and existing under the laws of the state of Montana and any successor of its functions hereunder.

"Bond" shall mean the bond or Note issued by the Borrower evidencing a Loan from the Board.

"Borrower" shall mean the Eligible Government Unit set forth on the cover hereof.

"Borrower Act" shall mean Section 7-7-4421, 7-7-4402, 7-7-4426, Montana Code Annotated.

"Borrower Resolution" shall mean the resolution, in form and substance satisfactory to the Board, duly enacted by the Governing Body of the Borrower, authorizing the Loan and prescribing the terms thereof and establishing the security thereof, and authorizing the execution and delivery of the Loan Agreement and the Note.

"Eligible Government Unit" shall mean a city, town, school district, county or consolidated city-county, county water and sewer district, a rural fire district, a hospital district, a state agency, organized and existing under the laws of the state or any other governmental entity authorized by the issuer to participate in the INTERCAP Program.

"Governing Body" shall mean (i) with respect to a county, the Board of County Commissioners, (ii) with respect to a city, the City Council or Commission, (iii) with respect to a school district, county water or sewer district, hospital district, or rural fire district, the Board of Trustees, and iv) with respect to any other Eligible Government Unit, such official body having the authority to enter into contracts and to make binding decisions on behalf of such unit.

"Initial Interest Rate" shall mean the rate on the Loan from the date of the Loan to the first Interest Adjustment Date. The current loan rate through February 15, 2016 is 1.25 percent.

"INTERCAP Program or INTERCAP" shall mean the INTERCAP Program of the Board pursuant to which the Board will issue and sell INTERCAP Bonds and use the proceeds thereof to make loans to Eligible Government Units pursuant to the Borrower Act.

"INTERCAP Bonds" shall mean the State of Montana Board of Investments Annual Adjustable Rate Tender Option Municipal Finance Consolidation Act Bonds (INTERCAP Program).

"Interest Adjustment Date" shall mean February 16.

"Loan" shall mean the INTERCAP loan by the Board to the Borrower under the terms of the Loan Agreement or Bond Resolution.

"Loan Agreement" shall mean the agreement entered into between the Board and the Borrower; this agreement may also be a bond resolution or a supplemental bond resolution for the purpose of issuing bonds or additional parity bonds with respect to the Borrower's original revenue bond issue.

"Loan Date" shall mean the anticipated date of closing the Loan.

"Maximum Interest Rate" means the maximum rate of interest on the Bonds which shall not exceed fifteen percent (15%) per annum.

"Note" shall mean the promissory note or Bond issued by the Borrower evidencing a Loan from the Board.

"Pledged Revenues" shall mean the taxes, fees, revenues, assessments or other funds of the Borrower identified as to the source for the repayment of the Loan.

"Project" shall mean the portion of the Total Project to be financed by the INTERCAP Loan.

"Project Costs" shall mean the portion of the costs of the Total Project to be financed by the INTERCAP Loan.

"Total Project" shall mean the project as described in Section 14 of which some or all is to be financed by the INTERCAP Loan.

"Total Project Costs" shall mean the entire cost of acquiring, completing or constructing the project as further described in Section 14.

"System" shall mean, if applicable, the utility operated by the Borrower and from which the revenues pledged to the repayment of the Loan are pledged.

Section 2. Variable Rate Program.

The INTERCAP Program is a variable rate program with the interest rate adjusting each February 16.

Section 3. Authorization to Borrow.

The Borrower is a duly organized and existing Eligible Government Unit in the state of Montana and has the power under the Borrower Act to enter into a Loan.

Section 4. Authorization to Undertake Project.

The Governing Body will or has duly authorized the undertaking of the Project. Prior to the actual closing of the loan, the Borrower will have obtained or will have made all permits, findings and approvals required to the date hereof by any governmental agency or authority, including, but not limited to the Department of Environmental Quality (DEQ), the Environmental Protection Agency (EPA), and the Montana Environmental Protection Agency (MEPA) for the Project. With respect to the Project, the Borrower will comply with all federal and state regulations.

Section 5. Legal Debt Limits.

The issuance of the Bond or Note in a principal amount equal to the Loan Amount will not (i) cause the indebtedness of the Borrower to exceed any constitutional or statutory limitation or (ii) violate any term, condition or provision of or constitute a default under any resolution, contract or agreement to which the Borrower is a party or by which the Borrower is bound.

Section 6. Bidding Requirements and Prevailing Wage.

The Governing Body will follow where required by law the bidding statutes concerning public contracts including Section 18-2-403 M.C.A., preference for Montana labor and prevailing wage.

Section 7. Accuracy and Timeliness of Information on Application.

The information contained in the Application is true, accurate, complete, and not misleading on the date of its original delivery to the Board and as of the date hereof. Any financial information furnished as part of the Application is true and complete as of the dates and for the periods indicated, and there has been no material adverse change in the financial condition of the Borrower. The Borrower covenants that it will notify the Board of any material adverse change in the financial condition or the Borrower's ability to repay the Loan that may occur between the date hereof and the Loan Date.

Section 8. Borrower Action Before Loan Closing.

The Borrower recognizes that the closing of the Loan is dependent upon the Borrower's satisfaction of the terms and conditions and that any action taken by the Borrower with respect to entering into a contract for the acquisition or construction of the Project prior to the closing of the Loan is at its own risk and agrees to hold the Board harmless from any loss, damage or claim arising as a result from doing so.

Section 9. Project Conformance and Cost.

The Borrower acknowledges and agrees that the Project financed with INTERCAP money conforms with the Total Project description as presented in Section 14 and that all money necessary to pay for Total Project Costs will or has been procured prior to the disbursement of INTERCAP funds.

Section 10. Modification of Term Sheet.

The Borrower may request that the Project to be financed with the INTERCAP Loan be modified by either increasing or decreasing the loan amount requested. The Board will have the sole discretion whether or not to consent to an increase in the Loan Amount and such consent shall be in writing. The modification may not substantially change the scope of the Total Project without the Board's approval.

Section 11. Loan Closing Submission.

After all the Terms and Conditions have been met and the Borrower is ready to receive financing, the Borrower shall submit to the Board the following loan closing documents (**Board prepares items 1-3 loan documents**):

1. The Borrower Resolution and Loan Agreement;
2. The Note or Bond duly and validly authorized, issued, and executed by the Borrower;
3. An Opinion of Borrower's Counsel in a form acceptable to the Board; and
4. Such other certificates, documents, opinions and information as are required under the Loan Agreement to be delivered to the Board as of the date of issuance of the Note and such other opinions and certificates as the Board may reasonably request to demonstrate compliance with its representations, covenants and agreements contained in the Loan Agreement.

Section 12. The Loan Agreement.

The covenants and collateral, if any, securing the Loan shall be contained in the Loan Agreement and such other security instruments, if any, as the Board shall require. Forms of all INTERCAP Program documents required to be delivered by the Borrower to the Board will be provided by the Board.

Section 13. Project/Project Costs.

Purchase replacement trucks for solid waste fleet. \$1,540,000.00

Section 14. Total Project/Total Project Costs.

See Section 13.

Section 15. Specific Conditions.

These conditions are specific to this Loan. If the general language seems to conflict with the specific conditions, the specific conditions supersede the general language.

1. The INTERCAP loan will be in the form of a solid waste revenue bond.
2. The reserve account requirement will be 10% of the amount drawn. The reserve account will be funded from bond proceeds.
3. The Borrower will set the budget to maintain an annual 1.25 coverage of net revenue over debt service. Net revenue will be gross revenues of the City's Sanitation Fund less operating and maintenance costs and will not include costs for depreciation or for debt service. The coverage requirement will be on the loan amount, net of the reserve component; the Borrower will not have to maintain the 1.25 coverage on the reserve.
4. The City agrees that if additional bonds are necessary and if they are to be issued and secured by the revenues of the System, the additional bonds will need to meet the reserve requirement and the 1.25 coverage test herein described, otherwise, the additional bonds will be subordinate to the Outstanding Bonds.
5. The City will make semi-annual principal and interest payments (February 15 and August 15).
6. If necessary, the City will increase rates and fees to provide adequate repayment of debt.