

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. 10318, entitled: "RESOLUTION RELATING TO \$1,500,000 TAX INCREMENT INDUSTRIAL INFRASTRUCTURE REVENUE BONDS (CENTRAL MONTANA AGRICULTURE AND TECHNOLOGY PARK TAX INCREMENT FINANCING DISTRICT) (DNRC WATER POLLUTION CONTROL STATE REVOLVING LOAN PROGRAM), SERIES 2020; AUTHORIZING THE SALE AND PRESCRIBING THE FORMS AND TERMS THEREOF AND THE 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 of the City at a regular meeting on December 17, 2019 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 Commission Members voted in favor thereof: _____; voted against the same: _____; abstained from voting thereon: _____; or were absent: _____.

WITNESS my hand officially this ____ day of December, 2019.

(SEAL)

City Clerk

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[Not a part of this Resolution; for convenience of reference only.]

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RESOLUTION NO. 10318

RESOLUTION RELATING TO \$1,500,000 TAX INCREMENT INDUSTRIAL INFRASTRUCTURE REVENUE BONDS (CENTRAL MONTANA AGRICULTURE AND TECHNOLOGY PARK TAX INCREMENT FINANCING DISTRICT) (DNRC WATER POLLUTION CONTROL STATE REVOLVING LOAN PROGRAM), SERIES 2020; AUTHORIZING THE SALE AND PRESCRIBING THE FORMS AND TERMS THEREOF AND THE SECURITY THEREFOR

BE IT RESOLVED by the City Commission (the “Commission”) of the City of Great Falls, Montana (the “City”), 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 means Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as it existed on December 31, 2012.

Additional Bonds means any Bonds issued pursuant to Sections 7.01 through 7.03.

Administrative Expense Surcharge means, with respect to the Series 2020 Bond, the surcharge by that name charged by the DNRC to the City at the rate of 0.25% per annum, payable by the City on the Interest Payment Dates for the Series 2020 Bond.

Authorized DNRC Officer means the Director or Deputy Director of the DNRC, and, when used with reference to an act or document, also means any other individual authorized by resolution of the DNRC to perform such act or sign such document. If authorized by the DNRC, an Authorized DNRC Officer may delegate all or a portion of his authority as an Authorized DNRC Officer to another individual, and such individual shall be deemed an Authorized DNRC Officer for purposes of exercising such authority.

Bond Account means the account so designated in the Tax Increment Debt Service Account.

Bond Counsel means any firm of nationally recognized bond counsel experienced in matters relating to tax-exempt financing, selected by the City; provided that so long as the Series 2020 Bond is Outstanding, such Bond Counsel shall be reasonably acceptable to the DNRC.

Bond Register means the register maintained for the purpose of registering the ownership, transfer and exchange of the Bonds of any series.

Bonds means the Series 2020 Bond and any Additional Bonds.

Business Day means, with respect to the Bonds of any series, any day other than a Saturday, Sunday or other day on which the Registrar for such series of Bonds is not open for business.

City means the City of Great Falls, Montana, or its successors.

Clean Water Act means the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251-1387, as amended, and all regulations, rules and interpretations issued by the EPA thereunder.

Closing means the date of delivery of the Series 2020 Bond to the DNRC.

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

Collateral Documents means, with respect to the Series 2020 Bond, any security agreement, guaranty or other document or agreement delivered to the DNRC securing the obligations of the City under this Resolution and the Series 2020 Bond. If no Collateral Documents secure such obligations, any reference to Collateral Documents in this Resolution shall be without effect.

Commission means the City Commission of the City or any successor governing body thereof.

Committed Amount means the amount of the 2020 Loan committed to be lent by the DNRC to the City pursuant to Section 5.01 of this Supplemental Resolution, as such amount may be reduced pursuant to Sections 4.02 and 4.04 of this Resolution.

Construction Account means the account so designated in the Tax Increment Capital Project Account.

Debt means, without duplication, (1) indebtedness of the City for borrowed money or for the deferred purchase price of property or services; (2) the obligation of the City as lessee under leases which should be recorded as capital leases under generally accepted accounting principles; and (3) obligations of the City under direct or indirect guarantees in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clause (1) or (2) above.

Department of Revenue means the State of Montana Department of Revenue, an agency of the State, or any successor to its powers, duties and obligations.

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

District means the City's Central Montana Agriculture and Technology Park Tax Increment Financing District created and established pursuant to the Act and the Ordinance, as such district may be enlarged or reduced in accordance with the Act and this Resolution.

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

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

EPA Agreements means all capitalization grant agreements and other written agreements between the DEQ and the EPA concerning the Program.

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

Fiscal Year means the period commencing on the first day of July of any year and ending on the last day of June of the next calendar year, or any other twelve-month period authorized by law and specified by this Commission as the City's Fiscal Year.

Government Obligations means direct obligations of, or obligations the principal of and the interest on which are fully and unconditionally guaranteed as to payment by, the United States of America.

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

Indenture means, with respect to the Series 2020 Bond, the Indenture of Trust, dated as of June 1, 1991, between the Board of Examiners of the State and the Trustee, as such may be supplemented or amended from time to time in accordance with the provisions thereof, pursuant to which, among other things, the State Bonds are to be or have been issued.

Independent means, when used with respect to any specified Person, such a Person who (i) is in fact independent; (ii) does not have any direct financial interest or any material indirect financial interest in the City, other than the payment to be received under a contract for services to be performed by such Person; and (iii) is not connected with the City as an officer, employee, promoter, trustee, partner, director, underwriter or person performing similar functions. Whenever it is herein provided that any Independent Person's opinion or certificate shall be furnished, such Person shall be appointed by the City and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

Interest Account means the subaccount so designated in the Bond Account.

Interest Payment Date means the Stated Maturity of an installment of interest on any of the Bonds.

Loan Loss Reserve Surcharge means, with respect to the Series 2020 Bond, the surcharge by that name charged by the DNRC to the City at the rate of 0.25% per annum, payable by the City on the Interest Payment Dates for the Series 2020 Bond.

Opinion of Bond Counsel means a written opinion of Bond Counsel.

Ordinance means Ordinance No. 2911, duly adopted on May 17, 2005, as amended and supplemented by Ordinance Nos. 2996 and 3106, duly adopted on December 4, 2007 and May 7, 2013, respectively, and as it may be further amended or supplemented from time to time in accordance with the Act.

Original Purchaser means, with respect to any series of Bonds, the Person who purchases such series of Bonds from the City when first issued. The Original Purchaser of the Series 2020 Bond is the DNRC.

Outstanding means, with reference to Bonds, as of the date of determination, all Bonds issued and delivered under this Resolution except:

(i) Bonds cancelled by the City or delivered to the City cancelled or for cancellation;

(ii) Bonds and portions of Bonds for whose payment or redemption money or Government Obligations (as provided in Section 13.04) shall have been theretofore deposited in escrow for the Owners of such Bonds; provided, however, that if such Bonds are to be redeemed, notice of such redemption shall have been duly given pursuant to this Resolution or irrevocable instructions to call such Bonds for redemption at a stated Redemption Date shall have been given by the City; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been issued and delivered pursuant to this Resolution;

provided, however, that in determining whether the Owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the City shall be disregarded and deemed not to be Outstanding.

Owner means, with respect to any Bond, the Person in whose name such Bond is registered in the Bond Register.

Payment Date means, with respect to the Series 2020 Bond, each January 1 and July 1 during the term of the Series 2020 Bond, which are both Interest Payment Dates and Principal Payment Dates for the Series 2020 Bond.

Person means any Private Person or Public Entity.

Private Person means an individual, corporation, partnership, association, joint venture, limited liability company, limited liability partnership, joint stock company, trust or unincorporated organization, except a Public Entity.

Plan means the City's Central Montana Agriculture and Technology Park Expanded Tax Increment Financing Industrial District Plan adopted by the Commission on May 7, 2013, as it may be amended or supplemented from time to time in accordance with the Act.

Principal and Interest Requirements means, with respect to any Bonds and for any Fiscal Year or other specified period, the amount required to pay the principal of and interest on such Bonds during such Fiscal Year or other period, determined on the assumption that each Serial Bond is to be paid on its Stated Maturity and each Term Bond is to be paid on the Sinking Fund Payment Dates according to the mandatory redemption requirements established for such Term Bond by the applicable section of this Resolution or any Supplemental Resolution.

Principal Payment Date means the Stated Maturity of principal of any Serial Bond and the Sinking Fund Payment Date for any Term Bond.

Program means the Water Pollution Control State Revolving Loan Program established by the State Act.

Project means the 2020 Project and any other industrial infrastructure development project undertaken under the Act in or for the benefit of the District, the costs of which are to be paid, in whole or in part, from the proceeds of Bonds.

Public Entity means a State agency, municipality, city, county, school district, political or administrative subdivision of State government, irrigation district, county water and sewer district or other public body established by State law.

Recycled Money means payments and prepayments of principal of loans made under the Program, and any other amounts transferred to the Principal Subaccount in the Revenue Subaccount in the State Allocation Account (as such terms are defined in the Indenture).

Redemption Date when used with respect to any Bond to be redeemed means the date on which it is to be redeemed.

Redemption Price when used with respect to any Bond to be redeemed means the price at which it is to be redeemed.

Registrar means the Person, if any, appointed by the City to act as bond registrar, transfer agent and paying agent for a series of Bonds. With respect to the Series 2020 Bond, the Registrar shall be appointed as set forth in Section 3.03.

Regulations means the Treasury Regulations promulgated under the Code.

Reserve Account means the account so designated in the Tax Increment Debt Service Account.

Reserve Requirement means, as of the date of calculation, an amount equal to one-half the maximum aggregate Principal and Interest Requirements on Outstanding Bonds for the then current or any future Fiscal Year.

Resolution means this Resolution No. 10318 as originally adopted or as it may from time to time be amended or supplemented pursuant to the applicable provisions hereof.

Revolving Fund means the Water Pollution Control Revolving Fund established pursuant to Section 75-5-1106 of the State Act.

Serial Bonds means Bonds which are not Term Bonds.

Series 2020 Bond means the City's Tax Increment Industrial Infrastructure Revenue Bonds (Central Montana Agriculture and Technology Park Tax Increment Financing District) (DNRC Water Pollution Control State Revolving Loan Program), Series 2020, issued in the maximum principal amount of \$1,500,000.

Sinking Fund Account means the subaccount so designated in the Bond Account.

Sinking Fund Payment Date means a date set forth in any applicable provision of this Resolution or a Supplemental Resolution for the making of a mandatory principal payment for the redemption of a Term Bond.

State means the State of Montana.

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

State Bonds means the State's General Obligation Bonds (Water Pollution Control State Revolving Fund Program), issued pursuant to the Indenture. In the event the State Bonds are refunded, all references in this Resolution to State Bonds shall be deemed to refer to the refunding bonds and any bonds of the State on a parity with such refunding bonds (together, the "Refunding Bonds") or, in the case of a crossover refunding, to the State Bonds and such Refunding Bonds. In the event the State Bonds are refunded by an issue of bonds other than State Bonds, all references in this Resolution to the State Bonds shall be deemed to refer to such other bonds or, in the case of a crossover refunding, both the State Bonds and such other bonds.

Stated Maturity when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond as the fixed date on which principal of such Bond or such installment of interest is due and payable.

Subordinate Obligations means any bonds, notes or obligations of the City issued on a subordinate basis to the Bonds as to the Tax Increment pursuant to Section 7.04.

Supplemental Resolution means any resolution supplemental to this Resolution adopted pursuant to Section 12.

Tax Increment means the amount received by the City pursuant to the Act from the extension of levies of Taxes (expressed in mills) against the incremental taxable value (as defined in the Act) of all Taxable Property, and shall include all payments in lieu of Taxes attributable to the incremental taxable value and all payments received by the City designated as replacement revenues for lost Tax Increment, as provided in Section 10.08.

Tax Increment Accounts means the accounts established pursuant to Section 8.

Tax Increment Capital Project Account means the account so designated in the Tax Increment Accounts.

Tax Increment Debt Service Account means the account so designated in the Tax Increment Accounts.

Tax Increment Development Account means the account so designated in the Tax Increment Accounts.

Taxable Property means all real and personal property located in the District and subject to Taxes, including land, improvements and equipment.

Taxes means all taxes levied on an ad valorem basis by any Taxing Body against the Taxable Property (exclusive of the six mill levy for university purposes levied by the State), and shall include all payments in lieu of taxes received by the City with respect to Taxable Property.

Taxing Body means the City; the County of Cascade, Montana; the countywide school districts; the Great Falls High School and Elementary School Districts; the State; and any other political subdivision or governmental unit which may hereafter levy Taxes against property within the District.

Term Bond means any Bond for the payment of the principal of which mandatory principal payments are required by this Resolution or Supplemental Resolution to be made at times and in amounts sufficient to redeem all or a portion of such Bond prior to its Stated Maturity.

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

2020 Loan means the loan made to the City by the DNRC pursuant to the Series 2020 Bond to provide funds to pay a portion of the costs of a 2020 Project under the Program.

2020 Project means the facilities, improvements and activities financed in part with proceeds of the Series 2020 Bond, as more particularly described in Appendix A hereto.

1.02. Rules of Construction. Unless the context otherwise requires or except as otherwise expressly provided:

(a) All references in this Resolution to designated sections and other subdivisions are to the designated sections and other subdivisions of this Resolution as originally adopted.

(b) The words “herein,” “hereof” and “hereunder” and other words of similar import without reference to any particular section or subdivision refer to this Resolution as a whole and not to any particular section or other subdivision unless the context clearly indicates otherwise.

(c) The terms defined in this Resolution include the plural as well as the singular.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles applicable to governmental entities.

(e) All computations provided herein shall be made in accordance with generally accepted accounting principles applicable to governmental entities consistently applied.

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

1.03. Appendices. Attached to this Resolution and hereby made a part hereof are the following Appendices:

- (a) Appendix A: Description of and Estimated Budget for the 2020 Project
- (b) Appendix B: Form of Series 2020 Bond
- (c) Appendix C: Collateral Documents
- (d) Appendix D: Debt Service Schedule

1.04. Authorization. Under the provisions of the Act, the City is authorized to create industrial districts, undertake industrial infrastructure projects therein, provide for the segregation and collection of tax increment with respect to taxes collected in such areas, issue its bonds to pay the costs of such projects and to refund bonds previously issued under the Act and pledge to the repayment of the bonds the tax increment and other revenues derived from projects undertaken within the industrial district. In 2013, the State legislature enacted Senate Bill 239 (“SB 239”), which made various changes to Montana Code Annotated, Title 7, Chapter 15, Part 42, including repealing the authority of municipalities to create industrial districts, effective July 1, 2013. However, Section 25 of SB 239 provides that industrial districts established under the Act may continue to operate and to issue bonds under the Act as it existed on December 31, 2012, except that the municipality may not amend the plan or boundaries of the district or expand in any manner the projects contained in the plan without providing notice to and receiving the approval of the Department of Revenue. Since the effective date of SB 239, the City has not amended the Plan or the boundaries of the District or expanded the projects contained in the Plan.

1.05. Prior City Actions. Pursuant to the Act, the City adopted Ordinance No. 2911 on May 17, 2005, establishing the District. Subsequently, the City adopted Ordinance Nos. 2996 and 3106 on December 4, 2007 and May 7, 2013, respectively, expanding the boundaries of the District in accordance with the Act. Pursuant to the Act and the Ordinance, the City has adopted the Plan, which includes a tax increment financing provision. The goal of the District is the development of secondary, value adding industries. The Plan identifies the development of infrastructure, including storm drain improvements, in order to encourage the growth and

retention of secondary, value-adding industries. The City Commission has determined to undertake the design, engineering, construction and installation of a stormwater management system in the District (as further described in Appendix A hereto, the “2020 Project”) as an industrial infrastructure development project under the Act and the Plan, and has determined to finance a portion of the costs of the 2020 Project using Tax Increment. The City has applied to the DNRC for the 2020 Loan, and the City understands that the DNRC intends to fund the 2020 Loan in part, directly or indirectly, with proceeds of State Bonds, in part, directly or indirectly, with funds provided by an EPA Capitalization Grant, and, if necessary, with Recycled Money.

1.06. Estimate of Tax Increment. The City estimates that Tax Increment from the District will be at least \$322,754 per year (based on \$322,754 in Tax Increment received by the City in Fiscal Year 2019). The maximum Principal and Interest Requirements on the Series 2020 Bond is expected to be \$96,225.00, as set forth on Appendix D hereto. Based on the foregoing, the City hereby determines that there will be adequate Tax Increment from the District to pay principal and interest on the Series 2020 Bond. There are no other bonds or other obligations of the City payable from Tax Increment.

1.07. Findings and Determinations. It is hereby found, determined and declared by this Commission as follows:

(a) The 2020 Project is an industrial infrastructure project under the Act and the Plan and is located within the District;

(b) The undertaking, acquisition and construction of the 2020 Project will provide necessary public infrastructure as identified in the Plan, will encourage growth and retention of secondary value adding industries and will be consistent with and promote the objectives and policies of the City and the District;

(c) The District conforms to the comprehensive plan of the City;

(d) A sound and adequate financial program exists for the financing of the 2020 Project;

(e) The Tax Increment to be received by the City from the District, as set forth in Section 1.06, is reasonably estimated to be sufficient to pay the Principal and Interest Requirements on the Series 2020 Bond when due; and

(f) It is in the best interests of the City and its residents to cause the 2020 Project to be undertaken and completed and to issue and sell the Series 2020 Bond as provided in this Resolution.

Section 2. The Bonds.

2.01. General Title. The general title of the Bonds of all series shall be “Tax Increment Industrial Infrastructure Revenue Bonds (Central Montana Agriculture and Technology Park Tax Increment Financing District),” with appropriate additions for refunding or Subordinate Obligations and to distinguish Bonds of each series from Bonds of other series.

2.02. General Limitations; Issuable in Series. The aggregate principal amount of Bonds that may be authenticated and delivered and Outstanding under this Resolution is not limited, except as provided in Section 7 and except as may be limited by law.

The Bonds may be issued in series as from time to time authorized by the City.

The Bonds are special, limited obligations of the City. The Bonds are not general obligations of the City and neither the general credit nor the taxing power of the City, Cascade County or the State is pledged to the payment of the Bonds or the interest thereon. Principal of, premium, if any, and interest on the Bonds (except to the extent expressly payable out of proceeds of the Bonds) are payable solely from the Tax Increment or other sources which may be pledged to the payment of any series of Bonds. Cascade County and the State shall in no event be liable for the payment of the principal of, premium, if any, or interest on the Bonds or the performance of any pledge of any kind whatsoever that may be undertaken by the City with respect thereto. Neither this Resolution, the Bonds, nor any of the agreements or obligations of the City contained herein or therein shall be construed to constitute an indebtedness of the City, Cascade County or the State within the meaning of any constitutional or statutory provisions whatsoever.

If any Stated Maturity, Redemption Date or Sinking Fund Payment Date shall be on a day which is not a Business Day, then payment of principal of, premium, if any, or interest due on such day may be made on the next succeeding Business Day, with the same force and effect as if made on such Stated Maturity, Redemption Date or Sinking Fund Payment Date (whether or not such next succeeding Business Day occurs in a succeeding month), and no interest shall accrue for the intervening period.

2.03. Terms of a Particular Series. Each series of Bonds (other than the Series 2020 Bond, as to which specific provision is made in Section 3) shall be created by a Supplemental Resolution and pursuant to Section 7. The City may, at the time of the creation of any series of Bonds or at any time thereafter make, and the Bonds of that series may also contain, provision for a sinking, amortization, improvement or other analogous fund. All Bonds of the same series shall be substantially identical except as to denomination and the differences specified herein or in a Supplemental Resolution between interest rates, Stated Maturities and redemption provisions.

2.04. Form and Denominations. The form of the Bonds (other than the Series 2020 Bond, as to which specific provision is made in Section 3) shall be established by the Supplemental Resolution creating such series.

The Bonds of any series shall be issuable as fully registered Bonds, in such denominations as shall be provided in the Supplemental Resolution creating such series (other than the Series 2020 Bond, as to which specific provision is made in Section 3). In the absence of any such provision with respect to the Bonds of any particular series, Bonds shall be in denominations of \$5,000 or any integral multiple thereof, of single Stated Maturities.

2.05. Execution and Delivery. Each Bond shall be executed on behalf of the City by the officials of the City specified in a Supplemental Resolution (other than the Series 2020 Bond, as

to which specific provision is made in Section 3). The signature of any official may be facsimile, if permitted by applicable law. Bonds bearing the manual or facsimile signatures of individuals who were at any time the proper officials of the City shall bind the City, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the delivery of such Bonds or did not hold such offices at the date of such Bonds.

At any time and from time to time, the City may deliver Bonds executed by the proper officers of the City to the Registrar for authentication, and the Registrar shall authenticate and deliver such Bonds as specified in a Supplemental Resolution (other than the Series 2020 Bond, as to which specific provision is made in Section 3).

Section 3. Series 2020 Bond.

3.01. Issuance and Sale of the Series 2020 Bond. The Commission has investigated the facts necessary and hereby finds, determines and declares it to be necessary and desirable for the City to issue the Series 2020 Bond to evidence the 2020 Loan. The Series 2020 Bond is issued to the DNRC without public sale pursuant to Montana Code Annotated, Section 7-15-4322.

3.02. Terms. The Series 2020 Bond shall be in the maximum principal amount equal to the original Committed Amount of the 2020 Loan, shall be issued as a single, fully registered bond numbered R-1, shall be dated as of the date of delivery to the DNRC, and shall bear interest at the rate charged by the DNRC on the 2020 Loan. The principal of and interest on the Series 2020 Bond shall be payable on the same dates and in the same amounts on which principal and interest of the 2020 Loan are payable. Advances of principal of the Series 2020 Bond shall be deemed made when advances of the 2020 Loan are made under Section 5.01, and such advances shall be payable in accordance with Schedule B to the Series 2020 Bond, as it may be revised by the DNRC from time to time in accordance with Section 5.01.

The City may prepay the Series 2020 Bond, in whole or in part, only upon the terms and conditions under which it can prepay the 2020 Loan under Section 6.03.

3.03. Negotiability, Transfer and Registration. The Series 2020 Bond shall be fully registered as to both principal and interest, and shall be initially registered in the name of and payable to the DNRC. While so registered, principal of and interest on the Series 2020 Bond shall be payable to the DNRC at the Office of the Department of Natural Resources and Conservation, 1539 Eleventh Avenue, Helena, Montana 59620 or such other place as may be designated by the DNRC in writing and delivered to the City. The Series 2020 Bond shall be negotiable, subject to the provisions for registration and transfer contained in this Section 3.03. No transfer of the Series 2020 Bond shall be valid unless and until (1) the holder, or his duly authorized attorney or legal representative, has executed the form of assignment appearing on the Series 2020 Bond, and (2) the Fiscal Services Director of the City, as registrar (the "Registrar"), has duly noted the transfer on the Series 2020 Bond and recorded the transfer on the registration books of the Registrar. The Registrar may, prior to noting and recording the transfer, require appropriate proof of the transferor's authority and the genuineness of the transferor's signature. The City shall be entitled to deem and treat the Person in whose name the Series 2020 Bond is registered as the absolute owner of the Series 2020 Bond for all purposes, notwithstanding any notice to the contrary, and all payments to the registered holder shall be valid and effectual to

satisfy and discharge the City's liability upon such Bond to the extent of the sum or sums so paid.

3.04. Execution and Delivery. The City Manager and the Fiscal Services Director are hereby authorized, on behalf of the City, to provide for the issuance of the Series 2020 Bond. The Series 2020 Bond shall be executed on behalf of the City by the manual signatures of the Mayor, City Manager, Fiscal Services Director, and City Clerk. Any or all of such signatures may be affixed at or prior to the date of delivery of the Series 2020 Bond. The Series 2020 Bond shall be sealed with the corporate seal of the City. In the event that any of the officers who have signed the Series 2020 Bond cease to be officers of the City before the Series 2020 Bond is issued or delivered, their signatures shall remain binding upon the City. Conversely, the Series 2020 Bond may be signed by an authorized official who did not hold such office on the date of adoption of this Resolution. At Closing, the Series 2020 Bond shall be delivered to the DNRC, or its attorney or legal representative.

3.05. Form. The Series 2020 Bond shall be prepared in substantially the form attached as Appendix B.

Section 4. Use of 2020 Loan Proceeds; the 2020 Project.

4.01. Use of 2020 Loan Proceeds. The City shall apply the proceeds of the 2020 Loan from the DNRC solely as follows:

(a) The City shall apply the proceeds of the 2020 Loan solely to the financing, refinancing or reimbursement of the costs of the 2020 Project as set forth in Appendix A hereto and this Section 4.01. The 2020 Loan will be disbursed in accordance with Section 5 hereof and Article VII of the Indenture. If the 2020 Project has not been completed prior to Closing, the City shall, as quickly as reasonably possible, complete the 2020 Project and expend proceeds of the Series 2020 Bond to pay the costs of completing the 2020 Project.

(b) No portion of the proceeds of the 2020 Loan shall be used to reimburse the City for costs paid prior to the date of adoption of this Resolution of the 2020 Project the construction or acquisition of which occurred or began earlier than March 7, 1985. In addition, if any proceeds of the 2020 Loan are to be used to reimburse the City for 2020 Project costs paid prior to the date of adoption of this Resolution, the City shall have complied with Section 1.150-2 of the Regulations.

(c) Any Debt to be refinanced with proceeds of the 2020 Loan was incurred after March 7, 1985 for the 2020 Project the construction or acquisition of which began after March 7, 1985. No proceeds of the 2020 Loan shall be used for the purpose of refinancing an obligation the interest on which is exempt from federal income tax or excludable from gross income for purposes of federal income taxation unless the DNRC has received an Opinion of Bond Counsel, satisfactory to it, to the effect that such refinancing will not adversely affect the exclusion of interest on the State Bonds from gross income for purposes of federal income taxation.

4.02. The 2020 Project. Set forth in Appendix A hereto is a description of the 2020 Project, which describes the property that has been or is to be acquired, installed, constructed or improved and the other activities, if any, to be funded from the 2020 Loan (the 2020 Project may consist of more than one facility or activity), along with an estimated budget therefor. The 2020 Project may be changed and the description thereof in Appendix A hereto may be amended from time to time by the City but only after delivery to the DNRC of the following:

(a) A certificate of the City setting forth the amendment to Appendix A hereto and stating the reason therefor, including statements whether the amendment would cause an increase or decrease in the cost of the 2020 Project, an increase or decrease in the amount of 2020 Loan proceeds which will be required to complete the 2020 Project and whether the change will materially accelerate or delay the construction schedule for the 2020 Project;

(b) A written consent to such change in the 2020 Project by an Authorized DNRC Officer; and

(c) An Opinion or Opinions of Bond Counsel stating that the 2020 Project, as constituted after such amendment, is, and was at the time the State Bonds were issued, eligible for financing under the State Act and is, and was at the time the Series 2020 Bond was issued, eligible for financing under the Act, such amendment will not violate the State Act or the Act and such amendment will not adversely affect the exclusion of interest on the State Bonds or the Series 2020 Bond from gross income for purposes of federal income taxation. Such an Opinion of Bond Counsel shall not be required for amendments which do not affect the type of facility to be constructed or activity to be financed.

The City acknowledges and agrees that an increase in the principal amount of the 2020 Loan may be made only upon an application to the DEQ, the DNRC and the Trustee, in such form as the DEQ shall specify, which is approved by the DEQ and the DNRC, in their sole and absolute discretion, and adoption by the governing body of the City of a resolution amendatory of or supplementary to this Resolution authorizing the additional loan and delivery of written certifications by officers of the City to the DEQ, the DNRC and the Trustee to the effect that all representations and covenants contained in this Resolution as it may be so amended or supplemented are true as of the date of closing of the additional loan. No assurance can be given that any additional loan funds will be available under the Program at the time of any such application or thereafter. The City acknowledges and agrees that neither the DEQ, the DNRC, the Trustee nor any of their agents, employees or representatives shall have any liability to the City and have made no representations to the City as to the sufficiency of the 2020 Loan to pay costs of the 2020 Project or as to the availability of additional funds under the Program to increase the principal amount of the 2020 Loan.

4.03. 2020 Project Representations and Covenants. The City hereby represents to and covenants with the DNRC that:

(a) all construction of the 2020 Project has complied and will comply with all federal and State standards, including, without limitation, EPA regulations and standards;

(b) all future construction of the 2020 Project will be done only pursuant to fixed price construction contracts. The City shall obtain a performance and payment bond from the contractor for each construction contract in the amount of 100% of the construction price and ensure that such bond is maintained until construction is completed to the City's, the DNRC's and the DEQ's satisfaction;

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

(d) the iron and steel products used in the 2020 Project comply with the "Buy American" requirements of Section 436 of H.R. 3547, "Consolidated Appropriations Act, 2014," as those requirements are further interpreted by applicable EPA guidance;

(e) all laborers and mechanics employed by contractors and subcontractors on the 2020 Project have been and will be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the United States Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code;

(f) the 2020 Project is a project of the type permitted to be financed under the State Act, the Act and the Program and Title VI of the Clean Water Act; and

(g) the City will undertake the 2020 Project promptly after the Closing and will cause the 2020 Project to be completed as promptly as practicable with all reasonable dispatch, except only as completion may be delayed by a cause or event not reasonably within the control of the City; it is estimated by the City that the 2020 Project will be substantially completed by September 30, 2020.

4.04. Completion or Cancellation or Reduction of Costs of the 2020 Project.

(a) Upon completion of the 2020 Project, the City shall deliver to the DNRC a certificate stating that the 2020 Project is complete, stating the amount, if any, of the undisbursed Committed Amount and releasing the amount, if any, of the undisbursed Committed Amount. If Appendix A hereto describes two or more separate projects as making up the 2020 Project, a separate completion certificate shall be delivered for each.

(b) If all or any portion of the 2020 Project is cancelled or cut back or its costs are reduced or for any other reason the City will not require the full Committed Amount, the City shall promptly notify the DNRC in writing of such fact and release the amount of the Committed Amount that will not be needed.

Section 5. The 2020 Loan.

5.01. The 2020 Loan; Disbursement of Loan. The DNRC has agreed to lend to the City, from time to time as the requirements of this Section 5.01 are met, an amount up to \$1,500,000 (the “Committed Amount”) for the purposes of financing, refinancing or reimbursing the City for all or a portion of the costs of the 2020 Project and paying costs of issuance of the Series 2020 Bond; *provided* the DNRC shall not be required to loan any proceeds of the State Bonds to the City after 360 days following the Closing. The Committed Amount may be reduced as provided in Sections 4.02 and 4.04. The 2020 Loan shall be disbursed as provided in this Section 5.01. The DNRC intends to disburse the 2020 Loan through the Trustee.

(a) In consideration of the issuance of the Series 2020 Bond by the City, the DNRC shall make, or cause the Trustee to make, a disbursement of all or a portion of the 2020 Loan upon receipt of the following documents:

(i) an Opinion of Bond Counsel as to the validity and enforceability of the Series 2020 Bond and the security therefor and stating in effect that interest on the Series 2020 Bond is not includable in gross income of the owner thereof for purposes of federal income taxation, in form and substance satisfactory to the DNRC;

(ii) the Series 2020 Bond, fully executed and authenticated;

(iii) a certified copy of this Resolution;

(iv) any other security instruments or documents required by the DNRC or DEQ as a condition to their approval of the 2020 Loan;

(v) if all or part of the 2020 Loan is being made to refinance a Project or reimburse the City for the costs of the 2020 Project paid prior to the Closing, evidence, satisfactory to the DNRC and the Bond Counsel referred to in (i) above, (A) that the acquisition or construction of the 2020 Project was begun no earlier than March 7, 1985 or the debt was incurred no earlier than March 7, 1985, (B) of the City’s title to the 2020 Project, and (C) of the costs of such Project and that such costs have been paid by the City;

(vi) the items required by the Indenture for the portion of the 2020 Loan to be disbursed at Closing; and

(vii) such other certificates, documents and other information as the DNRC, the DEQ or the Bond Counsel giving the opinion referred to in (i) above may require (including any necessary arbitrage rebate instructions).

(b) In order to obtain a disbursement of a portion of the 2020 Loan to pay costs of the 2020 Project, the City shall submit to the DNRC and the Trustee a signed request for disbursement on the form prescribed by the DNRC, with all attachments required by such form. The City may obtain disbursements only for costs which have

been legally incurred and are due and payable. All 2020 Loan disbursements will be made to the City only upon proof that cost was incurred.

(c) For refinancings, a disbursement schedule complying with the requirements of the Clean Water Act shall be established by the DNRC and the City at Closing.

(d) If all or a portion of the 2020 Loan is made to reimburse the City for 2020 Project costs paid by it prior to Closing, the City shall present at Closing the items required by Section 5.01(b) relating to such costs. The Trustee shall disburse such amounts to the City pursuant to a disbursement schedule complying with the requirements of the Clean Water Act established by the DNRC and the City at the Closing.

(e) Notwithstanding anything else provided herein, the Trustee shall not be obligated to disburse the 2020 Loan any faster or to any greater extent than it has available EPA Capitalization Grants, State Bond proceeds and other amounts available therefor in the Revolving Fund. The DNRC shall not be required to do “overmatching” pursuant to Section 5.04(b) of the Indenture, but may do so in its discretion. The City acknowledges that if 2020 Project costs are incurred faster than the City projected at Closing, there may be delays in making 2020 Loan disbursements for such costs because of the schedule under which EPA makes EPA Capitalization Grant money available to the DNRC. The DNRC will use its commercially reasonable efforts to obtain an acceleration of such schedule if necessary.

(f) Upon making each 2020 Loan disbursement, the Trustee shall note such disbursement on Schedule A to the Series 2020 Bond.

(g) The City agrees that it will deposit in the Reserve Account upon receipt thereof, either on the Closing of the 2020 Loan or upon any disbursement date, any proceeds of the 2020 Loan borrowed for the purpose of increasing the balance in the Reserve Account to the Reserve Requirement. The City further acknowledges and agrees that any portion of the 2020 Loan representing capitalized interest shall be advanced only on Interest Payment Dates and shall be transferred by the Trustee on the Interest Payment Date directly to the Interest Account. The amount of any such transfer shall be a credit against the interest payments due on the Series 2020 Bond and interest thereon shall accrue only from the date of transfer.

5.02. Commencement of Loan Term. The City’s obligations under this Resolution and the Collateral Documents with respect to the Series 2020 Bond shall commence on the date hereof unless otherwise provided in this Resolution. However, the obligation to make payments under Section 6 shall commence only upon the first disbursement by the Trustee of 2020 Loan proceeds.

5.03. Termination of 2020 Loan. The City’s obligations under this Resolution and the Collateral Documents with respect to the Series 2020 Bond shall terminate upon payment in full

of all amounts due under the Series 2020 Bond; provided, however, that the covenants and obligations provided in Sections 9.04 and 11.04 shall survive any such payment or termination.

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

Section 6. Repayment of 2020 Loan.

6.01. Repayment of 2020 Loan. The City shall repay the amounts lent to it pursuant to Section 5.01 hereof, plus interest on the unpaid amounts lent at the rate of two percent (2.00%) per annum, in semiannual payments of principal and interest. In addition, the City shall pay an Administrative Expense Surcharge and a Loan Loss Reserve Surcharge, each at the rate of twenty-five hundredths of one percent (0.25%) per annum on the outstanding principal amount of the 2020 Loan. For purposes of this Resolution and the Program, the term “interest on the 2020 Loan” shall include the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge. The City shall pay all principal, interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge in lawful money of the United States of America to the DNRC. Interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be calculated on the basis of a year of 360 days comprising 12 months of 30 days each.

The loan repayments required by this Section 6.01 and the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge shall be due on each January 1 and July 1 (the “Payment Dates”), as follows:

(1) interest and the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge on the outstanding principal balance of the 2020 Loan shall be payable on each January 1 and July 1, as set forth in Appendix D hereto; and

(2) the principal of the 2020 Loan shall be repayable on each Payment Date, as set forth in Appendix D hereto, and the amount of each principal payment shall be calculated on the basis of a substantially level debt service at a rate of 2.50% per annum.

The payments of principal of and interest and the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge on the 2020 Loan shall be due on the Payment Dates specified above and as set forth in Schedule B to the Series 2020 Bond, as such Schedule B shall be modified from time to time as provided below. The portion of each such payment consisting of principal, the portion consisting of interest and the amount of each Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be set forth in Schedule B to the Series 2020 Bond. Upon each disbursement of 2020 Loan amounts to the City pursuant to Section 5.01 hereof, the Trustee shall enter or cause to be entered the amount advanced on Schedule A to the Series 2020 Bond under “Advances” and the total amount advanced under Section 5.01, including such disbursement, under “Total Amount Advanced.”

Interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge on such advance shall accrue from the date the advance is made and shall be payable on each Payment Date thereafter. Once the completion certificate for the 2020 Project has been delivered to the DNRC, the Trustee shall revise Schedule B to the Series 2020 Bond in accordance with this

Section 6.01, and the Trustee shall send a copy of such Schedule B to the City within one month after delivery of the completion certificate.

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

Any payment of principal, interest or the Administrative Expense Surcharge and Loan Loss Reserve Surcharge under this Section 6.01 shall also be credited against the same payment obligation under the Series 2020 Bond.

6.02. Additional Payments. The City shall also pay, within 30 days after receipt of a bill therefor, from any legally available funds, including proceeds of the 2020 Loan, if the City so chooses, all reasonable expenses of the DNRC and the Trustee in connection with the 2020 Loan, the Collateral Documents and the Series 2020 Bond, including, but not limited to:

(a) the cost of reproducing this Resolution, the Collateral Documents and the Series 2020 Bond;

(b) the fees and disbursements of Bond Counsel and other counsel utilized by the DNRC and the Trustee in connection with the 2020 Loan, this Resolution, the Collateral Documents and the Series 2020 Bond and the enforcement thereof; and

(c) all taxes and other governmental charges in connection with the execution and delivery of the Collateral Documents or the Series 2020 Bond, whether or not the Series 2020 Bond is then Outstanding, including all recording and filing fees relating to the Collateral Documents and the pledge of the State's right, title and interest in and to the Series 2020 Bond, the Collateral Documents and this Resolution and all expenses, including attorneys' fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the provisions hereof or thereof.

6.03. Prepayments. The City may not prepay all or any part of the outstanding principal amount of the Series 2020 Bond unless (i) it obtains the prior written consent of the DNRC thereto, and (ii) no principal, interest, Administrative Expense Surcharge or Loan Loss Reserve Surcharge is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal prepaid. If the Series 2020 Bond is prepaid in part pursuant to this Section 6.03, such prepayments shall be applied to principal payments in inverse order of maturity.

6.04. Obligations of City Unconditional. The obligations of the City to make the 2020 Loan payments required by this Resolution and the Series 2020 Bond and to perform its other agreements contained in this Resolution with respect to the 2020 Loan, the Series 2020 Bond and Collateral Documents shall be absolute and unconditional, except as otherwise provided herein or in such documents. The City (a) shall not suspend or discontinue any payments provided for in this Resolution with respect to the 2020 Loan and the Series 2020 Bond, (b) shall perform all its other agreements in this Resolution with respect to the 2020 Loan, the Series 2020 Bond and the Collateral Documents and (c) shall not terminate this Resolution with respect to the 2020

Loan, the Series 2020 Bond or the Collateral Documents for any cause, including any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2020 Project, commercial frustration of purpose, any dispute with the DNRC or the EPA, any change in the laws of the United States or of the State or any political subdivision of either or any failure of the DNRC to perform any of its agreements, whether express or implied, or any duty, liability or obligation arising from or connected with this Resolution. Provided, however, if the 2020 Loan is not made and no funds are disbursed to the City, this Resolution may be terminated with respect to the 2020 Loan and the Series 2020 Bond.

6.05. Limited Liability. All payments of principal of and interest on the 2020 Loan and other payment obligations of the City in this Resolution with respect to the 2020 Loan and the Series 2020 Bond shall be special, limited obligations of the City payable solely out of the Tax Increment or out of the Tax Increment Debt Service Account and shall not be payable out of any other funds or revenues of the City. The obligations of the City under this Resolution with respect to the 2020 Loan and the Series 2020 Bond shall never constitute an indebtedness of the City within the meaning of any state constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing power. The taxing powers of the City are not pledged to pay principal of or interest on the 2020 Loan or the Series 2020 Bond, and no funds or property of the City other than the Tax Increment are pledged to pay principal of or interest on the 2020 Loan or the Series 2020 Bond.

Section 7. Additional Bonds.

7.01. General Provisions. Additional Bonds may at any time and from time to time be issued, sold and delivered by the City but only upon compliance with the conditions of Sections 7.02 or 7.03, whichever may be applicable, and upon filing with the City Clerk the following:

- (a) A Supplemental Resolution authorizing the issuance and creating the designated series of Additional Bonds and the sale thereof to the purchaser or purchasers named therein for the purchase price set forth therein;
- (b) A certificate executed by the City Manager and Fiscal Services Director stating that upon the issuance of the Additional Bonds, no default hereunder has occurred and is continuing which would not be cured upon the issuance of the Additional Bonds and application of the proceeds thereof; and
- (c) An Opinion of Bond Counsel stating that:
 - (i) all conditions precedent provided for in this Resolution relating to the issuance and delivery of such Additional Bonds have been complied with, including any conditions precedent specified in this Section 7.01; and
 - (ii) the series of Additional Bonds when issued and delivered by the City will be valid and binding special, limited obligations of the City in accordance with their terms and entitled to the benefits of and secured by this Resolution.

Any Additional Bonds shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate, if any, permitted by law, shall have Stated Maturities and may be subject to redemption at such times and prices and on such terms and conditions, all as may be provided by the Supplemental Resolution authorizing their issuance. All Additional Bonds issued pursuant to Sections 7.02 and 7.03 shall be payable and secured ratably and equally and on a parity as to both principal and interest with the Series 2020 Bond and any Additional Bonds theretofore issued.

7.02. Additional Bonds To Pay the Cost of Projects. Additional Bonds may be issued for the purpose of providing funds, in an aggregate amount sufficient with any other funds available and committed therefor to pay the cost of one or more Projects and any expenses in connection with such financing.

Prior to the execution and delivery of any Additional Bonds under this Section 7.02, there shall be filed with the City Clerk:

(a) A certificate executed by the City Manager and Fiscal Services Director stating: (i) the estimated cost of the Projects being financed thereby, including an allowance for contingencies and all fees, expenses and financing costs, (ii) the amount, if any, which will be required to be deposited to the credit of the Reserve Account in connection with the issuance of the Additional Bonds, (iii) the amount, if any, which will be required to be credited to the Bond Account to pay interest on the Additional Bonds prior to collection of Tax Increment pledged thereto, (iv) the amount of Tax Increment received by the City in the last completed Fiscal Year, (v) the amount of the maximum Principal and Interest Requirements on the Outstanding Bonds and the Additional Bonds proposed to be issued for any future Fiscal Year during the term of the Outstanding Bonds and the Additional Bonds proposed to be issued, and (vi) that the principal amount of such Additional Bonds is sufficient, with other available funds of the City, to provide for the payment of all estimated costs of Projects and credits to the Reserve Account and Bond Account as set forth above.

(b) For so long as the Series 2020 Bond is Outstanding, the written consent of the DNRC;

(c) For so long as the Series 2020 Bond is Outstanding, a certificate executed by the City Manager and Fiscal Services Director stating that:

(i) the Tax Increment received by the City in the last completed Fiscal Year was equal to at least 130% of the maximum Principal and Interest Requirements for any future Fiscal Year (during the term of the Outstanding Bonds) with respect to Outstanding Bonds and the Additional Bonds proposed to be issued, and

(ii) the Tax Increment received in the last completed Fiscal Year, adjusted as provided in this Section 7.02(c), were, and the Tax Increment estimated to be received in the next succeeding three Fiscal Years, adjusted as provided in this Section 7.02(c), are estimated to be, equal to at least 140% of the

maximum Principal and Interest Requirements on all then Outstanding Bonds and the Additional Bonds proposed to be issued.

For this purpose, the Tax Increment received by the City in the last completed Fiscal Year may be adjusted by adding any increase in Tax Increment which would have resulted from applying the tax rates effective for the last completed Fiscal Year to the value, as determined by certification of the county assessor or Department of Revenue, of any projects which have been completed in the District before the date of issuance of the Additional Bonds and the taxable value of which as so completed are not included in the “actual taxable value” of the District.

In estimating the Tax Increment to be received in any future Fiscal Year, the City shall assume that:

- (A) 90% of the taxes levied in the District will be collected in any Fiscal Year;
- (B) no taxes delinquent in a prior Fiscal Year will be collected in any subsequent Fiscal Year; and
- (C) there will be no increase in the Tax Increment to be received in any future Fiscal Year resulting from:
 - (1) the projected inflation in property values or projected increases in tax levies;
 - (2) the completion of improvements to real property which are under construction at the time of the issuance of the Additional Bonds unless (x) the improvements are substantially completed at the time of the issuance of the Additional Bonds, (y) officers of the City certify that they reasonably believe that the improvements will be completed within the period for which the estimate is to be made, and (z) the City assumes the taxable value of the development upon completion to be 66 2/3% of the estimated taxable valuation of such development;
 - (3) the completion of an improvement to real estate for which construction has not commenced or is not substantially completed at the time of the issuance of the Additional Bonds unless (x) the City has entered into an agreement with the Person undertaking the improvement wherein the Person agrees to complete the improvement in accordance with a described plan and within the period for which the estimate is to be made and to pay and satisfactorily secure to the City, in the event the improvement is not completed in accordance with the

described plan, the difference between the estimated Tax Increment to be derived from such improvement and the actual Tax Increment derived therefrom (adjusted upwards to reflect reductions in the mill rates from those assumed in the estimate); (y) the officers of the City certify that they reasonably believe that the improvements will be completed within the period for which the estimate is to be made; and (z) the City assumes the taxable value of the development upon completion to be 66 2/3% of the estimated taxable valuation of such development; or

(4) improvements to be completed later than the end of the second full Fiscal Year following the issuance of the Additional Bonds;

(iii) provided that the conditions in this Section 7.02(c) may be waived by the DNRC if it determines that there is adequate security for the payment of the Series 2020 Bond based on other terms, conditions, and limitations it imposes in its discretion, in which case the City shall comply with paragraph (d) below.

(d) If the Series 2020 Bond is no longer outstanding, a certificate executed by the City Manager and Fiscal Services Director stating that:

(i) the Tax Increment received by the City in the last completed Fiscal Year was equal to at least 125% of the maximum Principal and Interest Requirements for any future calendar year (during the term of the Outstanding Bonds) with respect to Outstanding Bonds and the Additional Bonds proposed to be issued; or

(ii) the Tax Increment received by the City in the last completed Fiscal Year, adjusted as provided in Section 7.02(d)(iii), was equal to at least 125% of the maximum Principal and Interest Requirements for any future calendar year (during the term of the Outstanding Bonds) with respect to the Outstanding Bonds and the Additional Bonds proposed to be issued.

(iii) For the purpose of calculating the adjustment referenced in Section 7.02(d)(ii), the Tax Increment received by the City in the last completed Fiscal Year may be adjusted by adding 90% of any increase in Tax Increment which would have resulted from applying the aggregate tax rates of the Taxing Bodies effective for the last completed Fiscal Year to then-current taxable value of the District as of the date of calculation, as estimated by the Fiscal Services Director, based on information from the Department of Revenue, including any projects completed or underway in the District, the taxable values of which are not yet included in the actual taxable value (as defined in the Act) of the District.

The Commission shall approve and confirm the findings and estimates set forth in the above-described certificates in the Supplemental Resolution authorizing the issuance of the Additional Bonds.

7.03. Additional Bonds for Refunding Purposes. Additional Bonds may be issued under this Section 7.03, at one time or from time to time, subject to the conditions provided in Section 7.01 and this Section 7.03, for the purpose of providing funds, with any other funds available and committed therefor, for paying at, or redeeming prior to, their Stated Maturities any Outstanding Bonds, including the payment of any redemption premium thereon and interest which will accrue on such Bonds to any Redemption Date or the Stated Maturities thereof, and any expenses in connection with such financing. Such Additional Bonds shall be designated substantially as the Bonds to be refunded, with the addition of the term “refunding.”

Prior to the execution and delivery of any Additional Bonds under this Section 7.03, there shall be filed with the City Clerk:

(i) such documents as shall be required to show that provisions have been duly made in accordance with this Resolution for the defeasance of all of the Outstanding Bonds to be refunded; and

(ii) a certificate of the Fiscal Services Director to the effect that (a) the proceeds (excluding accrued interest but including any premium) of the Additional Bonds plus any moneys to be withdrawn from the Bond Account for such purpose, together with any other funds deposited for such purpose, will be not less than an amount sufficient to pay the principal of, redemption premium, if any, and interest on the Outstanding Bonds to be refunded, or (b) from such proceeds there shall be deposited in trust, Government Obligations which do not permit the redemption thereof at the option of the issuer, the principal of and the interest on which when due and payable (or redeemable at the option of the holder thereof) will provide, together with any other moneys which shall have been deposited in trust irrevocably for such purpose, but without reinvestment, sufficient moneys to pay such principal, redemption premium and interest.

If Additional Bonds are issued to refund Subordinate Obligations issued pursuant to Section 7.04, the conditions for the issuance of Additional Bonds pursuant to Section 7.02 must be satisfied in lieu of this Section 7.03.

7.04. Subordinate Obligations. Except as provided in Sections 7.01, 7.02 and 7.03, no other bonds, notes or other evidence of indebtedness of the City will be issued under or secured by the provisions of this Resolution, and no bonds, notes or other evidence of indebtedness will be made payable from the Bond Account, unless the pledge and appropriation of Tax Increment for the payment and security of such bonds, notes or other evidence of indebtedness is expressly subordinated to the pledge and appropriation made for the benefit and security of the Series 2020 Bond and all Additional Bonds issued and to be issued under and secured by this Resolution in accordance with Sections 7.01, 7.02 and 7.03. In the event of the issuance of any such Subordinate Obligations, the principal, premium, if any, and interest thereon will be made payable from one or more additional accounts created within the Tax Increment Accounts for that purpose, and the balance of funds at any time on hand in any such accounts shall be

available and shall be transferred whenever needed to meet the current requirements of the Bond Account and Reserve Account set forth in Sections 8.04 and 8.05.

Section 8. The Tax Increment Accounts.

8.01. Bond Proceeds and Tax Increment Pledged and Appropriated. The City hereby establishes on its books and records three accounts designated as the Tax Increment Capital Project Account, the Tax Increment Debt Service Account and the Tax Increment Development Account (collectively, the “Tax Increment Accounts”). The Tax Increment Accounts shall be maintained as separate and special bookkeeping accounts on the official books and records of the City until all Bonds have been fully paid, or the City’s obligation with reference to all Bonds has been discharged as provided in this Resolution.

All proceeds of Bonds and all other funds hereafter received or appropriated for purposes of the Projects are appropriated to the Tax Increment Accounts (except amounts otherwise appropriated in a Supplemental Resolution or received from Additional Bonds issued to refund Outstanding Bonds pursuant to Section 7.03). All Tax Increment is irrevocably pledged and appropriated and shall be credited as received to the Tax Increment Debt Service Account. Outstanding Bonds shall be secured by a first pledge of and lien on all of the Tax Increment and all other moneys from time to time in the Tax Increment Accounts in the manner and to the extent provided in this Section 8. The City shall not issue any obligation or security superior to or on a parity with the Series 2020 Bond, payable or secured, in whole or in part, from or by the Tax Increment other than Additional Bonds issued pursuant to Sections 7.01, 7.02 or 7.03, until all of the Bonds have been paid or discharged as provided herein. The Tax Increment Accounts shall be subdivided into separate accounts as designated and described in Sections 8.03 to 8.06.

8.02. Tax Increment Receipts. All Tax Increment received by the City and credited to the Tax Increment Debt Service Account, as required in Section 8.01, shall be credited as received as follows: (a) first, to the Interest Account, until the balance on hand in the Interest Account is at least equal to all interest on Bonds due and payable from the Interest Account within the next six full calendar months; (b) second, after any credit to the Interest Account required by the preceding clause, to the Sinking Fund Account, until the balance on hand in the Sinking Fund Account is at least equal to all principal of and premium, if any, on Bonds due and payable from the Sinking Fund Account (including amounts due and payable on a Sinking Fund Payment Date) within the next twelve full calendar months; (c) third, after any credit to the Interest Account or the Sinking Fund Account required by the preceding clauses, to the Reserve Account until the balance on hand in the Reserve Account is equal to the Reserve Requirement; and (d) fourth, after any credit to the Interest Account, the Sinking Fund Account or the Reserve Account required by the preceding clauses, to the Tax Increment Development Account.

8.03. Construction Account. For each Project there shall be a separate Construction Account within the Tax Increment Capital Project Account, to be used only to pay allowed costs as incurred, which under accepted accounting principles are costs of the particular Project, including but not limited to payments due for work and materials performed and delivered under construction contracts, architectural, engineering, inspection, supervision, fiscal and legal expenses, the cost of lands and easements, interest accruing on Bonds during the period of construction of a Project financed thereby and for a period of time thereafter authorized by the

Act and deemed necessary by this Commission, if and to the extent that the Interest Account is not sufficient for payment of such interest, reimbursement of any loans or advances made from other City funds, and all other expenses incurred in connection with the acquisition, construction and financing of the Project. To the Construction Account shall be credited as received all proceeds of Bonds issued to finance such Project, except amounts otherwise appropriated in a Supplemental Resolution or received from Additional Bonds issued to refund Outstanding Bonds pursuant to Section 7.03 and all other funds appropriated by the City for the Project, and all income received from the investment of the Construction Account. Upon completion of any Project and payment of the cost thereof, the City may transfer any money then remaining in the Construction Account for that Project to the Interest Account.

8.04. Bond Account. The Bond Account is hereby established as a special account within the Tax Increment Debt Service Account. There are hereby established within the Bond Account two separate subaccounts, designated as the Interest Account and the Sinking Fund Account.

(a) Interest Account. There shall be credited to the Interest Account the following amounts: (i) any amount specified in any Supplemental Resolution to be credited to the Interest Account; and (ii) from the Tax Increment as received by the City, the amount specified in clause (a) of Section 8.02.

On or before each Interest Payment Date, the City shall withdraw from the Interest Account an amount sufficient to pay the interest coming due on the Bonds on such Interest Payment Date, and shall use such amount to pay, or make provision with the Registrar for the payment of, interest on the Bonds on such Interest Payment Date.

If on any Interest Payment Date the balance in the Interest Account is not sufficient to pay the total amount of interest due on such Interest Payment Date, the City shall transfer any money then on hand in the Tax Increment Development Account, the Reserve Account or the Sinking Fund Account, in the order listed and in an amount equal to such deficiency, to the Interest Account.

All income derived from the investment of amounts in the Interest Account shall be credited as received to the Interest Account.

(b) Sinking Fund Account. There shall be credited to the Sinking Fund Account the following amounts: (i) any amount specified in a Supplemental Resolution to be credited to the Sinking Fund Account; and (ii) from the Tax Increment as received by the City, the amount specified in clause (b) of Section 8.02.

Amounts on hand in the Sinking Fund Account shall be used on any Interest Payment Date to make up a deficiency in the Interest Account, if and to the extent required by the third paragraph of subsection (a) hereof.

On or before each Principal Payment Date, the City shall withdraw from the Sinking Fund Account an amount sufficient to pay the principal due on the Bonds on such Principal Payment Date, and shall use such amount to pay, or make provision with the Registrar for the payment of, principal of the Bonds on such Principal Payment Date.

If on any Principal Payment Date the balance in the Sinking Fund Account is not sufficient to pay the total amount of principal due on such Principal Payment Date, the City shall transfer any money then on hand in the Tax Increment Development Account or the Reserve Account, in the order listed and in an amount equal to such deficiency, to the Sinking Fund Account.

All income derived from the investment of amounts in the Sinking Fund Account shall be credited as received to the Sinking Fund Account.

8.05. Reserve Account. The Reserve Account is hereby established as a special account within the Tax Increment Debt Service Account. There shall be credited to the Reserve Account the following amounts: (i) on the date of Closing from funds the City has on hand and available therefor, an amount equal to one half of the Principal and Interest Requirements on the Bonds (which is expected to be \$48,113); (ii) any amount specified in any Supplemental Resolution to be credited to the Reserve Account; (iii) from the Tax Increment as received by the City, the amount specified in clause (c) of Section 8.02; and (iv) any other amounts appropriated from time to time to the Reserve Account.

If on any Interest Payment Date or on any Principal Payment Date there shall exist, after the transfers thereto of any money then on hand in the Tax Increment Development Account a deficiency in the Interest Account or Sinking Fund Account, the City shall transfer from the Reserve Account to such account an amount equal to such deficiency.

All income derived from the investment of amounts in the Reserve Account shall be credited as received to the Reserve Account until such time as the balance in the Reserve Account is equal to the Reserve Requirement, and thereafter all such investment income as received shall be transferred to the Sinking Fund Account.

Money in the Reserve Account shall be used only to pay when due principal of, premium, if any, and interest on Outstanding Bonds when the balance on hand in the Bond Account is insufficient therefor; provided that on any date when the balance then on hand in the Bond Account allocable to a series of Bonds, plus the balance then on hand in the Reserve Account allocable to the series of Bonds, is sufficient with other money available to pay or discharge all Outstanding Bonds of that series and the interest accrued thereon in full, and the balance thereafter on hand in the Reserve Account will be at least equal to the Reserve Requirement for all Outstanding Bonds not to be discharged, it may be used for that purpose.

If at any time the balance in the Reserve Account exceeds the Reserve Requirement, the City shall transfer such excess to the Sinking Fund Account.

8.06. Tax Increment Development Account. There shall be credited to the Tax Increment Development Account any and all Tax Increment remaining after the required credits to the Bond Account and Reserve Account and any investment income and other moneys in any of the accounts within the Tax Increment Accounts in excess of the requirements of said accounts and which the City determines in its discretion to transfer to the Tax Increment Development Account. Money from time to time on hand in the Tax Increment Development

Account shall be transferred to the Bond Account and Reserve Account as provided by Sections 8.04 and 8.05 and may be used for any of the following purposes and not otherwise:

- (a) to be transferred to the Construction Account to pay costs authorized to be paid therefrom;
- (b) to pay costs incurred in connection with industrial infrastructure development projects (as defined in the Act) within the District as authorized by the Act and approved by the Commission (including to repay any loans or advances therefor made from other City funds);
- (c) to pay administrative costs of the City and the District as authorized by the Act (including to repay any loans or advances therefor made from other City funds);
- (d) to pay, redeem, discharge or otherwise secure Subordinate Obligations in accordance with the provisions of this Resolution or any Supplemental Resolution;
- (e) to purchase Bonds on the open market;
- (f) to redeem or discharge Bonds prior to their Stated Maturities in accordance with this Resolution or any Supplemental Resolution;
- (g) to make payments of arbitrage rebate to the United States of America pursuant to Section 148(f) of the Code in respect of any series of Bonds; and
- (h) to pay other Taxing Bodies a portion of the annual Tax Increment received by the City, pursuant to an agreement with respect thereto as authorized by the Act; provided, however, no such agreement shall require or permit the City to remit to any other Taxing Bodies any portion of the annual Tax Increment received in a Fiscal Year and on deposit in the Tax Increment Development Account unless (1) the balance in the Reserve Account as of the date of the remittance is not less than the Reserve Requirement; and (2) there is no default under the provisions of this Resolution as evidenced by a certificate of the Fiscal Services Director filed with the City Clerk as of the date of remittance.

8.07. Investments. The Fiscal Services Director shall cause all moneys from time to time in the Tax Increment Accounts to be deposited as received with one or more depository banks duly qualified in accordance with the provisions of Montana Code Annotated, Section 7-6-201, as amended, and shall cause the balances in such accounts, except any part thereof covered by federal deposit insurance, to be secured by the pledge of bonds or securities of the kinds required by law, and no money shall at any time be withdrawn from such deposit accounts except for the purposes of the Tax Increment Accounts as defined and authorized by this Resolution. The funds to the credit of the several accounts within the Tax Increment Accounts may be commingled in one or more deposit accounts. The balance on hand in any of the accounts of the Tax Increment Accounts may at any time be invested and reinvested in Qualified Investments as provided below, maturing and bearing interest payable at the times and in the amounts estimated to be required to provide cash when needed for the purposes of the respective accounts; provided that the Reserve Account and Tax Increment Development Account shall be

invested in Qualified Investments maturing not later than five years from the date of investment. Income from the investment of the moneys in the various accounts shall be credited thereto. Subject to the provisions of law now or hereafter controlling investment of such funds, money on hand in any of the accounts of the Tax Increment Accounts may be invested in any of the following (“Qualified Investments”):

- (a) direct obligations of or obligations guaranteed by the United States of America;
- (b) bank time deposits or certificates of deposit secured by obligations and securities described in clause (a) above; and
- (c) the short-term investment pool administered by the Board of Investments of the State or any successor investment pool created pursuant to State law.

Section 9. Representations, Warranties and Covenants of the City With Respect to the Series 2020 Bond. The representations, warranties and covenants of the City in this Section 9 are solely for the benefit of the DNRC and may be supplemented, amended, modified or waived with the consent of the DNRC in its sole discretion.

9.01. Representations and Warranties. The City represents and warrants to the DNRC as of the date hereof as follows:

- (a) Organization and Authority. The City:
 - (i) is duly organized and validly existing as a municipal corporation and political subdivision of the State;
 - (ii) has all requisite power and authority and all necessary licenses and permits required as of the date hereof to own and operate the 2020 Project and to carry on its current activities with respect to the District and the 2020 Project, to adopt this Resolution, to issue the Series 2020 Bond and to enter into the Collateral Documents and to carry out and consummate all transactions contemplated by this Resolution, the Series 2020 Bond and the Collateral Documents;
 - (iii) is a Governmental Unit and a Public Entity; and
 - (iv) has taken all proper action to authorize the execution, delivery and performance of its obligations under this Resolution, the Series 2020 Bond and the Collateral Documents and the incurrence of the debt evidenced by the Series 2020 Bond.
- (b) Litigation. There is no litigation or proceeding pending, or to the knowledge of the City threatened, against or affecting the City in any court or before or by any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the existence, corporate or otherwise, of the City, or the ability of the City to make all payments and otherwise perform its

obligations under this Resolution, the Series 2020 Bond and the Collateral Documents, or the financial condition of the City, or the transactions contemplated by this Resolution, the Series 2020 Bond and the Collateral Documents or the validity and enforceability of this Resolution, the Series 2020 Bond and the Collateral Documents. No referendum petition has been filed with respect to any resolution or other action of the City relating to the 2020 Project, the Series 2020 Bond or any Collateral Documents.

(c) Borrowing Legal and Authorized. The adoption of this Resolution, the execution and delivery of the Series 2020 Bond and the Collateral Documents and the consummation of the transactions provided for in this Resolution, the Series 2020 Bond and the Collateral Documents and compliance by the City with the provisions of this Resolution, the Series 2020 Bond and the Collateral Documents:

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

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

(d) No Defaults. No event has occurred and no condition exists that constitutes a default under this Resolution or the Collateral Documents. The City is not in violation of any term of any agreement, bond resolution, trust indenture, charter or other instrument to which it is a party or by which it or its property may be bound which violation would materially and adversely affect the transactions contemplated hereby or the compliance by the City with the terms hereof or of the Series 2020 Bond and the Collateral Documents.

(e) Governmental Consent. The City has obtained or made all permits, findings and approvals required to the date of adoption of this Resolution by any governmental body or officer for the making and performance by the City of its obligations under this Resolution, the Series 2020 Bond and the Collateral Documents or with respect to the 2020 Project, the financing or refinancing thereof or the reimbursement of the City for the costs thereof. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority (other than those, if any, already obtained) is required on the part of the City as a condition to adopting this Resolution, issuing the Series 2020 Bond or entering into the Collateral Documents and the performance of the City's obligations hereunder and thereunder.

(f) Binding Obligation. This Resolution, the Series 2020 Bond and the Collateral Documents are the valid and binding special, limited obligations of the City, enforceable against the City in accordance with their terms except to the extent that the enforceability thereof may be limited by laws relating to bankruptcy, moratorium, reorganization, insolvency or similar laws affecting creditors' rights and general principles of equity.

(g) Full Disclosure. There is no fact that the City has not specifically disclosed in writing to the DNRC that materially and adversely affects or (so far as the City can now foresee), except for pending or proposed legislation or regulations that are a matter of general public information, that will materially and adversely affect the properties, operations and finances of the District, the City's status as a Public Entity and Governmental Unit, its ability to own and operate the 2020 Project in the manner it is currently operated or the City's ability to perform its obligations under this Resolution, the Series 2020 Bond and the Collateral Documents and to pledge the Tax Increment to the payment of the Series 2020 Bond.

(h) Compliance With Law. The City:

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

(B) has obtained all licenses, permits, franchises or other governmental authorizations necessary to the ownership of the 2020 Project and the operation thereof and agrees to obtain all such licenses, permits, franchises or other governmental authorizations as may be required in the future for the 2020 Project and the operation thereof, which failure to obtain might materially and adversely affect the ability of the City to conduct the operation of the 2020 Project as presently conducted or the condition (financial or otherwise) of the 2020 Project or the City's ability to perform its obligations under this Resolution, the Series 2020 Bond and the Collateral Documents.

9.02. Covenants With Respect to Series 2020 Bond. During the time that the Series 2020 Bond is Outstanding, the City covenants and agrees with the DNRC as follows:

(a) Insurance. The City at all times shall keep and maintain with respect to the 2020 Project property and casualty insurance and liability insurance with financially sound and reputable insurers, or self-insurance as authorized by State law, against such risks and in such amounts, and with such deductible provisions, as are customary in the State in the case of entities of the same size and type as the City and similarly situated and shall carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for all such insurance. Nothing herein shall be construed to prohibit or preclude the City from self-insuring or participating in a self-insurance program in compliance with the provisions of State law. All such insurance policies shall name the DNRC as an additional insured to the extent permissible under such policies.

Each policy must provide that it cannot be cancelled by the insurer without giving the City and the DNRC 30 days' prior written notice. The City shall give the DNRC prompt notice of each insurance policy it obtains or maintains to comply with this paragraph (a) and of each renewal, replacement, change in coverage or deductible under or amount of or cancellation of each such insurance policy and the amount and coverage and deductibles and carrier of each new or replacement policy. Such notice shall specifically note any adverse change as being an adverse change.

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

(c) Further Assurance. The City shall execute and deliver to the DNRC all such documents and instruments and do all such other acts and things as may be necessary or required by the DNRC to enable the DNRC to exercise and enforce its rights under this Resolution, the Series 2020 Bond and the Collateral Documents and to realize thereon, and record and file and re-record and refile all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or required by the DNRC to validate, preserve and protect the position of the DNRC under this Resolution, the Series 2020 Bond and the Collateral Documents.

(d) Maintenance of Security, if Any; Recordation of Interest.

(i) The City shall, at its expense, take all necessary action to maintain and preserve the lien and security interest of this Resolution and the Collateral Documents so long as any amount is owing under this Resolution or the Series 2020 Bond.

(ii) The City shall forthwith, after the execution and delivery of the Series 2020 Bond and thereafter from time to time, cause this Resolution and any Collateral Documents granting a security interest in revenues or real or personal property and any financing statements or other notices or documents relating thereto to be filed, registered and recorded in such manner and in such places as may be required by law in order to perfect and protect fully the lien and security interest hereof and thereof and the security interest in them granted by this Resolution and, from time to time, shall perform or cause to be performed any other act required by law, including executing or causing to be executed any and all required continuation statements and shall execute or cause to be executed any further instruments that may be requested by the DNRC for such perfection and protection.

(iii) Except to the extent it is exempt therefrom, the City shall pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of the documents described in subparagraph (ii) above, and

all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Series 2020 Bond and the Collateral Documents and the documents described in subparagraph (ii) above.

(e) Financial Information. The City agrees that for each Fiscal Year it shall furnish to the DNRC and the DEQ, promptly when available:

(A) the preliminary budget for the District, with items for the 2020 Project shown separately; and

(B) when adopted, the final budget for the District, with items for the 2020 Project shown separately.

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 District, the Tax Increment received, and the segregation and application of the Tax Increment in accordance with this Resolution, in such reasonable detail as may be determined by the City in accordance with generally accepted governmental accounting practice and principles. It will cause such books to be maintained on the basis of the same Fiscal Year as that utilized by the City. The City shall, within 365 days after the close of each Fiscal Year, cause to be prepared and supply to the DNRC a financial report with respect to the District for such Fiscal Year. The report shall be prepared at the direction of the Fiscal Services Director in accordance with applicable generally accepted governmental accounting principles and, in addition to whatever matters may be thought proper by the Fiscal Services Director to be included therein, shall include the following:

(i) A statement or statements showing in detail of the income and expenditures of the District for the Fiscal Year;

(ii) A balance sheet as of the end of the Fiscal Year;

(iii) The amount on hand in the Tax Increment Accounts at the end of the Fiscal Year;

(iv) the actual taxable value, the base taxable value and the incremental taxable value (each as defined in the Act) of the District; and

(v) A determination that the report shows full compliance by the City with the provisions of this Resolution during the Fiscal Year covered thereby, including maintenance of the required balance in the Reserve Account.

The City shall also have prepared and supplied to the DNRC and the DEQ, within 365 days of the close of each Fiscal Year, an audit report prepared by an independent certified public accountant or an agency of the state in accordance with generally accepted governmental accounting principles and practice with respect to the financial

statements and records of the District. The audit report shall include an analysis of the City's compliance with the provisions of this Resolution.

(f) Project Accounts. The City shall maintain 2020 Project accounts in accordance with generally accepted government accounting standards, including standards relating to the reporting of infrastructure assets, as required by Section 602(b)(9) of the Clean Water Act.

(g) Records. After reasonable notice from the EPA or the DNRC, the City shall make available to the EPA or the DNRC such records as the EPA or the DNRC reasonably requires to review and determine compliance with Title VI of the Clean Water Act, as provided in Section 606(e) of the Clean Water Act.

(h) Compliance with Clean Water Act. The City has complied and shall comply with all conditions and requirements of the Clean Water Act pertaining to the 2020 Loan and the 2020 Project.

(i) Program Covenant. The City agrees that neither it nor any "related person" to the City (within the meaning of Section 147(a)(2) of the Code) shall, whether pursuant to a formal or informal arrangement, acquire State Bonds in an amount related to the amount of the Series 2020 Bond.

9.03. Tax-Exempt Status of State Bonds. During the time that the Series 2020 Bond remains Outstanding, the City covenants and agrees with the DNRC as follows:

(a) The City will not use or permit to be used any of the proceeds of the Series 2020 Bond or any other funds of the City, directly or indirectly, in a manner that would cause, or take any other action that would cause, any State Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or would otherwise cause the interest on the State Bonds to be included in gross income for purposes of federal income taxation.

(b) The City agrees that it will not enter into, or allow any "related person" (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the State Bonds or any other obligations of the DNRC in an amount related to the amount of the 2020 Loan or the portion of the 2020 Loan derived directly or indirectly from proceeds of the State Bonds.

(c) The City shall not use or permit the use of the 2020 Project directly or indirectly in any trade or business carried on by any Person who is not a Governmental Unit. For the purpose of this paragraph (c), use as a member of the general public shall not be taken into account and any activity carried on by a Person other than a natural person shall be treated as a trade or business.

(d) Any portion of a 2020 Project financed with proceeds of a 2020 Loan was acquired by and is now and shall, during the term of the Series 2020 Bond in respect of such 2020 Project, be owned by the City and not by any other Person. Notwithstanding the previous sentence, the City may transfer such 2020 Project or a portion thereof to

another Governmental Unit which is also a Public Entity if such transfer is otherwise permitted hereunder and if such organization agrees with the DNRC to comply with Sections 9.02(g), 9.02(h) and 9.04 hereof and if the DNRC receives an opinion of Bond Counsel to the effect that such transfer will not violate the State Act or the Clean Water Act or adversely affect the exclusion of interest on the State Bonds from gross income for purposes of federal income taxation. In addition, except as otherwise provided in this Resolution or in any Collateral Documents, the City may sell or otherwise dispose of any portion of a 2020 Project which has become obsolete or outmoded or is being replaced or for other reasons is not needed by the City or beneficial to the general public or necessary to carry out the purposes of the Clean Water Act.

(e) The City shall comply with the arbitrage rebate requirements of Section 148 of the Code (the “Arbitrage Rebate Instructions”), if any, delivered to it by the DNRC at the time of delivery to the DNRC of such Series 2020 Bond. The Arbitrage Rebate Instructions may be amended or replaced by new Arbitrage Rebate Instructions delivered by the DNRC and accompanied by an opinion of Bond Counsel to the effect that the use of said amended or new Arbitrage Rebate Instructions will not adversely affect the excludability of interest on the State Bonds (except State Bonds the interest on which the State did not intend to be excluded from gross income for federal income tax purposes) from gross income of the recipients thereof for federal income tax purposes.

(f) The City agrees that during the term of the 2020 Loan it will not contract with or permit any Private Person to manage the 2020 Project or any portion thereof except according to a written management contract and upon delivery to the DNRC of an opinion of Bond Counsel to the effect that the execution and delivery of such management contract will not violate the State Act or the Clean Water Act or adversely affect the exclusion of interest on the State Bonds from gross income or purposes of federal income taxation.

(g) The City shall not lease all or any portion of a 2020 Project to any Person other than a nonexempt person which agrees in writing with the City and the State not to cause any default to occur under this Resolution, provided the City may lease all or any portion of a 2020 Project to a nonexempt person pursuant to a lease which in the opinion of Bond Counsel delivered to the DNRC will not cause the interest on the State Bonds to be included in gross income for purposes of federal income taxation.

(h) The City shall not change the use or nature of all or any portion of a 2020 Project (i) if such change will violate the Clean Water Act, or (ii) so long as the State Bonds are outstanding unless, in the opinion of Bond Counsel delivered to the DNRC, such change will not result in the inclusion in gross income of interest on the State Bonds for federal income tax purposes.

9.04. Indemnification of DNRC and DEQ. The City shall, to the extent permitted by law, indemnify and save harmless the DNRC and the DEQ and their officers, employees and agents (each an “Indemnified Party” or, collectively, the “Indemnified Parties”) against and from any and all claims, damages, demands, expenses, liabilities and losses of every kind asserted by or on behalf of any Person arising out of the acts or omissions of the City or its employees,

officers, agents, contractors, subcontractors, or consultants in connection with or with regard to or in any way relating to the condition, use, possession, conduct, management, planning, design, acquisition, construction, installation or financing of the 2020 Project. The City shall, to the extent permitted by law, also indemnify and save harmless the Indemnified Parties against and from all costs, reasonable attorneys' fees, expenses and liabilities incurred in any action or proceeding brought by reason of any such claim or demand. If any proceeding is brought against an Indemnified Party by reason of such claim or demand, the City shall, upon notice from an Indemnified Party, defend such proceeding on behalf of the Indemnified Party. Notwithstanding the foregoing, the City shall not be obligated to indemnify an Indemnified Party or any of its officers, employees or agents or hold any of them harmless against or from or in respect of any claim, damage, demand, expense, liability or loss arising from the intentional or willful misconduct or gross negligence of the Indemnified Parties.

9.05. Continuing Disclosure. The City understands and acknowledges that the DNRC acquired the Series 2020 Bond under the Program pursuant to which the State issues from time to time State Bonds to provide funds therefor. The City covenants and agrees that, so long as the Series 2020 Bond is Outstanding, upon written request of the DNRC from time to time, the City will promptly provide to the DNRC all information that the DNRC reasonably determines to be necessary or appropriate to offer and sell State Bonds or to provide continuing disclosure in respect of State Bonds, whether under Rule 15c2-12 (17 C.F.R. § 240.15c2-12) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or otherwise. Such information shall include, among other things and if so requested, financial statements of the 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 State law, as in effect from time to time (such financial statements to relate to a Fiscal Year or any period therein for which they are customarily prepared by the City, and, if for a Fiscal Year and so requested by the DNRC, subject to an audit report and opinion of an accountant or government auditor, as permitted or required by the laws of the State). The City will also provide, with any information so furnished to the DNRC, a certificate of the Mayor and the Fiscal Services Director to the effect that, to the best of their knowledge, such information does not include any untrue statement of a material fact or omit to state any material fact required to be stated therein to make the statements made, in light of the circumstances under which they are made, not misleading.

Section 10. Other Covenants of the City.

10.01. Punctual Payment. The City will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on the Bonds in accordance with the terms of this Resolution and any applicable Supplemental Resolution and of the Bonds, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Resolution and all Supplemental Resolutions and of the Bonds. Nothing herein contained shall prevent the City from making advances of its own moneys however derived to any of the uses or purposes referred to herein, nor shall be deemed or constitute a pledge or appropriation of funds or assets of the City other than those expressly pledged or appropriated hereby. The City further covenants that it will promptly deposit or cause to be deposited all Tax Increment it receives into the Tax Increment Debt Service Account, as set forth in Section 8.02.

10.02. Accumulation of Claims of Interest. In order to prevent any accumulation of claims for interest after maturity, the City will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Resolution, except subject to the prior payment in full of the principal of all of the Bonds then outstanding and of all claims for interest which shall not have been so extended or funded.

10.03. Against Encumbrances. The City will not encumber, pledge or place any charge or lien upon any of the Tax Increment superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds.

10.04. Books and Accounts; Financial Statements. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Tax Increment and the Tax Increment Debt Service Account and the Tax Increment Development Account. Such books of record and accounts shall be at all times during business hours subject to the inspection of the Owners of not less than ten percent (10%) of the principal amount of Outstanding Bonds, or their representatives authorized in writing.

10.05. Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Resolution.

10.06. Amendment of Ordinance. Except to authorize additional Projects, the City will not amend or modify the Ordinance or reduce the size of the District if an effect thereof will be to materially and adversely affect the security of the Outstanding Bonds.

10.07. Adjustment of Base Taxable Value. The City shall not adjust the “base taxable value” of the District pursuant to Section 7-15-4287 of the Act so long as any Bonds are Outstanding.

10.08. Pledge of Replacement Revenues. In the event the Constitution or laws of the State are amended to abolish or substantially reduce or eliminate real or personal property taxation and State law then or thereafter provides to the City an alternate or supplemental source or sources of revenue specifically to replace or supplement reduced or eliminated Tax Increment, then the City pledges, and covenants to appropriate annually, subject to the limitations of then applicable law, to the Bond Account from such alternate or supplemental revenues an amount that will, with money on hand in the Bond Account or available and to be transferred to the Bond Account during such Fiscal Year, be sufficient to pay the principal of, premium, if any, and interest on the Outstanding Bonds payable in that Fiscal Year.

10.09. Owners’ Rights. No Owner of any Bond issued and secured under the provisions of this Resolution shall have the right to institute any proceeding, judicial or otherwise, for the

enforcement of the covenants herein contained, without the written concurrence of the Owners of not less than 25% in aggregate principal amount of all Outstanding Bonds; but the Owners of such aggregate principal amount of Outstanding Bonds may, either at law or in equity, by suit, action or other proceedings, protect and enforce the rights of all Owners of Bonds and compel the performance of any and all of the covenants required herein to be performed by the City and its officers and employees. The Owners of a majority in aggregate principal amount of all Outstanding Bonds shall have the right to direct the time, method and place of conducting any proceedings for any remedy available to the Owners or the exercise of any power conferred on them, and the right to waive a default in the performance of any such covenant, and its consequences, except a default in the payment of the principal of or interest on any Bond when due. Nothing herein shall impair the absolute and unconditional right of the Owner of each Bond to receive payment of the principal of and interest on any Bond as such principal and interest respectively become due, and to institute suit for the enforcement of any such payment. In the event of default in any such payment, any court having jurisdiction of the action may appoint a receiver to administer the Tax Increment Accounts and to collect and segregate and apply the Tax Increment and any other revenues pledged thereto as provided by this Resolution or any Supplemental Resolution and the Act.

Section 11. Tax Covenants and Certifications With Respect to Series 2020 Bond.

11.01. Use of 2020 Project. The 2020 Project is and will be owned and operated by the City. No user of the 2020 Project is granted any concession, license or special arrangement with respect to the 2020 Project. The City shall not enter into any lease, use or other agreement or arrangement with any non-governmental Person relating to the use of the 2020 Project or security for the payment of the Series 2020 Bond which might cause the Series 2020 Bond to be considered a “private activity bond” or “private loan bond” within the meaning of Section 141 the Code. No “impermissible agreement” as defined in Section 1.141-4(e)(4)(ii) of the Regulations, has been or will be entered into by the Commission in respect of the Tax Increment or otherwise to secure the Series 2020 Bond.

11.02. General Covenant. The City covenants and agrees with the Owners from time to time of the Series 2020 Bond that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Series 2020 Bond to become includable in gross income for federal income tax purposes under the Code and applicable Regulations, and covenants to take any and all actions within its powers to ensure that the interest on the Series 2020 Bond will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

11.03. Arbitrage Certification. The Mayor, City Manager, Fiscal Services Director and City Clerk, being the officers of the City charged with the responsibility for issuing the Series 2020 Bond pursuant to this Resolution, are authorized and directed to execute and deliver to the Original Purchaser a certificate in accordance with the provisions of Section 148 of the Code, and Section 1.148-2(b) of the Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Series 2020 Bond, it is reasonably expected that the proceeds of the Series 2020 Bond will not be used in a manner that would cause the Series 2020 Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code and the Regulations.

11.04. Arbitrage Rebate. The City acknowledges that the Series 2020 Bond is subject to the rebate requirements of Section 148(f) of the Code. The City covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under said Section 148(f) and applicable Regulations to preserve the exclusion of interest on the Series 2020 Bond from gross income for federal income tax purposes, unless the Series 2020 Bond qualifies for the exception from the rebate requirement under Section 148(f)(4)(B) of the Code and no “gross proceeds” of the Series 2020 Bond (other than amounts constituting a “bona fide debt service fund”) arise during or after the expenditure of the original proceeds thereof. In furtherance of the foregoing, the Fiscal Services Director is hereby authorized and directed to execute a Rebate Certificate with respect to the Series 2020 Bond, substantially in the form to be prepared by Bond Counsel, and the City hereby covenants and agrees to observe and perform the covenants and agreements contained therein, unless amended or terminated in accordance with the provisions thereof.

11.05. Information Reporting. The City shall file with the Secretary of the Treasury, not later than May 15, 2020, a statement concerning the Series 2020 Bond containing the information required by Section 149(e) of the Code.

Section 12. Supplemental Resolutions.

12.01. General. The City reserves the right to adopt Supplemental Resolutions to this Resolution from time to time and at any time, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein, or of making such provisions with regard to matters or questions arising hereunder as the City may deem necessary or desirable and not inconsistent with this Resolution, and which shall not adversely affect the interests of the Owners of Bonds issued hereunder, or for the purpose of adding to the covenants and agreements herein contained, or to the Tax Increment herein pledged, other covenants and agreements thereafter to be observed and additional revenues or income thereafter appropriated to the Tax Increment Accounts, or for the purpose of surrendering any right or power herein reserved to or conferred upon the City, or for the purpose of authorizing the creation and issuance of a series of Additional Bonds, as provided in and subject to the conditions and requirements of Section 7. Any such Supplemental Resolution may be adopted without the consent of the Owner of any of the Bonds issued hereunder.

12.02. Consent of Owners. With the consent of the Owners of a majority in principal amount of Outstanding Bonds affected thereby as provided in Section 12.04, the City may from time to time and at any time adopt a Supplemental Resolution for the purpose of amending this Resolution by adding any provisions hereto or changing in any manner or eliminating any of the provisions hereof or of any Supplemental Resolution, except that no Supplemental Resolution shall be adopted at any time without the consent of the Owners of all Outstanding Bonds affected thereby, if it would extend the time of payment of interest thereon, would reduce the amount of the principal thereof or redemption premium thereon, would give to any Bond or Bonds any privilege over any other Bond or Bonds (except for the privilege accorded Bonds over Subordinate Obligations), would reduce the sources of Tax Increment or other revenues or income appropriated to the Tax Increment Accounts, or would reduce the percentage in principal amount of such Bonds required to authorize or consent to any such Supplemental Resolution.

12.03. Notice. Notice of a Supplemental Resolution to be adopted pursuant to Section 12.02 shall be mailed by first-class mail, postage prepaid, to the Owners of all Outstanding Bonds at their addresses appearing in the Bond Register and shall become effective only upon the filing of written consents with the City Clerk, signed by the Owners of the requisite aggregate principal amount of Outstanding Bonds affected thereby. Any written consent to the Supplemental Resolution may be embodied in and evidenced by one or any number of concurrent written instruments of substantially similar tenor signed by Owners thereof in person or by agent duly appointed in writing, and shall become effective when delivered to the City Clerk. Any consent by the Owner of any Bond shall bind that Owner and every future Owner of the same Bond with respect to any Supplemental Resolution adopted by the City pursuant to such consent; provided that any Owner may revoke his consent with reference to any Bond by written notice received by the City Clerk before the Supplemental Resolution has become effective. In the event that unrevoked consents of the Owners of the requisite aggregate principal amount of Bonds have not been received by the City Clerk within one year after the publication of notice of the Supplemental Resolution, the Supplemental Resolution and all consents theretofore received shall be of no further force and effect.

12.04. Manner of Consent. Proof of the execution of any consent, or of a writing appointing any agent to execute the same, shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the City if made in the manner provided in this Section 12.04. The fact and date of the execution by any Person of any such consent may be proved by the affidavit of a witness of such execution or by the certification of any notary public or other officer authorized by law to take acknowledgment of deeds, certifying that the Person signing it acknowledged to him the execution thereof. The fact and date of execution of any such consent may also be proved in any other manner which the City may deem sufficient; but the City may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. The ownership of any Bonds shall be proved by the Bond Register.

Section 13. Defeasance or Discharge.

13.01. General. When the liability of the City on all Bonds issued under and secured by this Resolution and all interest thereon has been discharged as provided in this Section 10, all pledges, covenants and other rights granted by this Resolution to the Owners of such Bonds shall cease.

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

13.03. Redemption. The City may also discharge its liability with reference to any 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, premium, if any, and interest which are then due thereon; provided that notice of such redemption has been duly given or irrevocably provided for as provided in this Resolution.

13.04. Escrow. The City may also at any time discharge its liability in its entirety with reference to any Bond 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 Government Obligations 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, premium, if any, and interest to become due on such Bond at its Stated Maturity or, if such Bond is prepayable and notice of redemption thereof has been given or irrevocably provided for as provided in this Resolution, to such earlier Redemption Date.

Section 14. 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 2020 Bond 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 15. Repeals and Effective Date.

15.01. 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.

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

Passed and adopted by the City Commission of the City of Great Falls, Montana, on this 17th day of December, 2019.

Bob Kelly, Mayor

Attest:

Lisa Kunz, City Clerk

APPROVED FOR LEGAL CONTENT:

Sara R. Sexe, City Attorney

APPENDIX A

DESCRIPTION OF 2020 PROJECT

The 2020 Project consists of design, engineering, construction and installation of a storm water management system within the District.

ESTIMATED BUDGET FOR 2020 PROJECT

Costs	Series 2020 Bond	City of Great Falls	Total
Loan Reserves		\$ 48,113	\$ 48,113
Land Acquisition		10,000	10,000
Preliminary Engineering	\$ 142,695	125,000	267,695
Construction	1,357,305	177,695	1,400,000
TOTAL	\$1,500,000	\$225,808	\$1,725,808

APPENDIX B

[FORM OF SERIES 2020 BOND]

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF CASCADE

CITY OF GREAT FALLS, MONTANA

TAX INCREMENT INDUSTRIAL INFRASTRUCTURE REVENUE BOND
(CENTRAL MONTANA AGRICULTURE AND TECHNOLOGY PARK
TAX INCREMENT FINANCING DISTRICT) (DNRC WATER POLLUTION CONTROL
STATE REVOLVING LOAN PROGRAM), SERIES 2020

No. R-1

\$1,500,000

FOR VALUE RECEIVED, THE CITY OF GREAT FALLS, MONTANA (the “City”), a duly organized municipal corporation and political subdivision of the State of Montana, acknowledges itself to be specially indebted and, for value received, hereby promises to pay to the Department of Natural Resources and Conservation of the State of Montana (the “DNRC”), or its registered assigns, solely from the Bond Account of its Tax Increment Debt Service Fund, the principal amount of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000), or such lesser amount as may be advanced hereunder, with interest at the rate of 2.00% per annum on the unpaid balance until paid. In addition, the City shall pay, solely from said source, an Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the outstanding principal amount of this Bond, each at the rate of twenty-five hundredths of one percent (0.25%) per annum. Principal, interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be payable in semiannual installments payable on each January 1 and July 1, commencing [____], 20[___]. Each installment shall reflect interest and surcharges at an aggregate rate of two and one-half of one percent (2.50%) per annum and shall be in the amount set forth opposite its due date in Schedule B hereto under “Total Loan Payment.” The portion of each such payment consisting of principal, the portion consisting of interest, the portion consisting of Administrative Expense Surcharge, and the portion consisting of Loan Loss Reserve Surcharge shall be as set forth in Schedule B hereto. Upon each disbursement of Loan amounts to the City, the DNRC shall enter (or cause to be entered) the amount advanced on Schedule A under “Advances” and the total amount advanced, including such disbursement, under “Total Amount Advanced.” The DNRC shall prepare Schedule B and any revised Schedule B, or cause Schedule B and any revised Schedule B to be prepared, as provided in Section 5.1 of the Resolution authorizing this Bond. Past-due payments of principal, interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall bear interest at the rate of ten percent (10.00%) per annum, until paid. Interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be calculated on the basis of a 360-day year comprising 12 months of 30 days each. All payments under this Bond shall be made to the registered holder of this Bond, at its address as it appears on the Bond Register, in lawful money of the United States of America.

This Bond is one of an issue of Tax Increment Industrial Infrastructure Revenue Bonds of the City authorized to be issued in one or more series from time to time, and constitutes a series in the maximum authorized principal amount of \$1,500,000 (the "Series 2020 Bond"). The Series 2020 Bond is issued to finance costs of construction of certain industrial infrastructure within the Central Montana Agriculture and Technology Park Tax Increment Financing District (the "District"), thereby assisting activities in the public interest and for the public welfare of the City. The Series 2020 Bond is issued pursuant to and in full conformity with the Constitution and laws of the State of Montana, particularly Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as it existed on December 31, 2012 (the "Act"), and ordinances and resolutions duly adopted by the governing body of the City, including Resolution No. 10318, adopted by the City Commission of the City on December 17, 2019 (the "Resolution"). Terms used with initial capital letters but not defined herein have the meanings given them in the Resolution. The Series 2020 Bond is issuable only as a single, fully registered bond.

Reference is made to the Resolution for a more complete statement of the terms and conditions upon which the Series 2020 Bond has been issued, the Tax Increment pledged and appropriated for the payment and security thereof, the conditions upon which Additional Bonds may be issued under the Resolution and made payable from such Net Revenues on a parity with the Series 2020 Bond (collectively, the "Bonds") or otherwise, the conditions upon which the Resolution may be amended, the rights, duties and obligations of the City, and the rights of the owners of the Series 2020 Bond.

The City may prepay the principal of the Series 2020 Bond only if (i) it obtains the prior written consent of the DNRC thereto, and (ii) no principal, interest, Administrative Expense Surcharge or Loan Loss Reserve Surcharge is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal prepaid. If the Series 2020 Bond is prepaid in part, such prepayments shall be applied to principal payments in inverse order of maturity.

The Bonds are not general obligations of the City and the City's general credit and taxing powers are not pledged to the payment of the Bonds or the interest thereon. The Bonds are payable solely from the Tax Increment pledged for the payment thereof and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitations.

The City may deem and treat the person in whose name this Series 2020 Bond is registered as the absolute owner hereof, whether this Series 2020 Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and the City shall not be affected by any notice to the contrary. The Series 2020 Bond may be transferred as hereinafter provided.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Montana and ordinances and resolutions of the City to be done, to exist, to happen and to be performed in order to make this Series 2020 Bond a valid and binding special, limited obligation of the City in accordance with its terms have been done, do exist, have happened and have been performed as so required; that this Series 2020 Bond has been issued by the City in connection with an industrial infrastructure project (as defined in the Act);

that the City, in and by the Resolution, has validly made and entered into covenants and agreements with and for the benefit of the Owners from time to time of all Bonds issued thereunder, including covenants that it will pledge, appropriate and credit the Tax Increment derived from the District to the Tax Increment Debt Service Fund of the City to the extent and as provided in the Resolution; that Additional Bonds may be issued and made payable from the Tax Increment Debt Service Fund on a parity with the Series 2020 Bond upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Tax Increment unless the lien thereof shall be expressly made subordinate to the lien of the Series 2020 Bond on the Tax Increment; that all provisions for the security of the Owners of the Bonds as set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that the issuance of the Series 2020 Bond does not cause the obligations of the City to exceed any constitutional or statutory limitation.

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, Fiscal Services Director, and City Clerk, and has caused the official seal of the City to be affixed hereto, and has caused this Bond to be dated as of the ___ day of _____, 2020.

Mayor

(SEAL)

City Manager

Fiscal Services Director

City Clerk

REGISTRATION AND TRANSFER

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

REGISTER

The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of the City of Great Falls, Montana in the name of the registered holder appearing on the first page hereof or as last noted below:

Date of Registration	Name and Address of Registered Holder	Signature of Fiscal Services Director
_____, 2020	Department of Natural Resources and Conservation 1539 Eleventh Avenue Helena, MT 59620	

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

The Fiscal Services Director of the City of Great Falls, Montana, acting as Bond Registrar, has transferred, on the books of the City, on the date last noted below, ownership of the principal amount of and the accrued interest on this Bond to the new registered holder noted next to such date, except for amounts of principal and interest theretofore paid.

Date of Transfer	Name of New Registered Holder	Signature of Bond Registrar
_____	_____	_____
_____	_____	_____
_____	_____	_____

FORM OF ASSIGNMENT

For value received, this Bond is hereby transferred and assigned by the undersigned holder, without recourse, to _____ on this ____ day of _____, ____.

By:

(Authorized Signature)

For:

(Holder)

SCHEDULE B

<u>Date</u>	<u>Administrative Principal</u>	<u>Interest</u>	<u>Administrative Expense Surcharge</u>	<u>Loan Loss Reserve Surcharge</u>	<u>Total Loan Payment</u>
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APPENDIX C

COLLATERAL DOCUMENTS

[None]

APPENDIX D

DEBT SERVICE SCHEDULE¹

Preliminary Schedule

**STATE OF MONTANA
GENERAL OBLIGATION BONDS
WASTEWATER
(REVOLVING FUND PROGRAM)**

BORROWER: Great Falls - Storm water TIF

PROJECT NAME: _____ FINAL LOAN PAYMENT: 1/1/2040

LOAN COMMITMENT: \$1,500,000 # OF LOAN PAYMENTS: 40

LOAN AMOUNT: 1,500,000 PROJECT NUMBER: _____

INTEREST RATE: 2.50% DATE OF FUNDING: 2/5/2020

PAYMENT DUE	LOAN LOSS RESERVE	ADM EXPENSE SURCHARGE	INTEREST PAYMENT	PRINCIPAL PAYMENT	O/S LOAN BALANCE	TOTAL AMOUNT OF PAYMENT	
1	7/1/2020	1,520.83	1,520.83	12,166.67	29,000.00	1,471,000.00	\$44,208.33
2	1/1/2021	1,838.75	1,838.75	14,710.00	30,000.00	1,441,000.00	\$48,387.50
3	7/1/2021	1,801.25	1,801.25	14,410.00	30,000.00	1,411,000.00	\$48,012.50
4	1/1/2022	1,763.75	1,763.75	14,110.00	30,000.00	1,381,000.00	\$47,637.50
5	7/1/2022	1,726.25	1,726.25	13,810.00	31,000.00	1,350,000.00	\$48,262.50
6	1/1/2023	1,687.50	1,687.50	13,500.00	31,000.00	1,319,000.00	\$47,875.00
7	7/1/2023	1,648.75	1,648.75	13,190.00	31,000.00	1,288,000.00	\$47,487.50
8	1/1/2024	1,610.00	1,610.00	12,880.00	32,000.00	1,256,000.00	\$48,100.00
9	7/1/2024	1,570.00	1,570.00	12,560.00	32,000.00	1,224,000.00	\$47,700.00
10	1/1/2025	1,530.00	1,530.00	12,240.00	33,000.00	1,191,000.00	\$48,300.00
11	7/1/2025	1,488.75	1,488.75	11,910.00	33,000.00	1,158,000.00	\$47,887.50
12	1/1/2026	1,447.50	1,447.50	11,580.00	33,000.00	1,125,000.00	\$47,475.00
13	7/1/2026	1,406.25	1,406.25	11,250.00	34,000.00	1,091,000.00	\$48,062.50
14	1/1/2027	1,363.75	1,363.75	10,910.00	34,000.00	1,057,000.00	\$47,637.50
15	7/1/2027	1,321.25	1,321.25	10,570.00	35,000.00	1,022,000.00	\$48,212.50
16	1/1/2028	1,277.50	1,277.50	10,220.00	35,000.00	987,000.00	\$47,775.00
17	7/1/2028	1,233.75	1,233.75	9,870.00	36,000.00	951,000.00	\$48,337.50
18	1/1/2029	1,188.75	1,188.75	9,510.00	36,000.00	915,000.00	\$47,887.50
19	7/1/2029	1,143.75	1,143.75	9,150.00	36,000.00	879,000.00	\$47,437.50
20	1/1/2030	1,098.75	1,098.75	8,790.00	37,000.00	842,000.00	\$47,987.50
21	7/1/2030	1,052.50	1,052.50	8,420.00	37,000.00	805,000.00	\$47,525.00
22	1/1/2031	1,006.25	1,006.25	8,050.00	38,000.00	767,000.00	\$48,062.50
23	7/1/2031	958.75	958.75	7,670.00	38,000.00	729,000.00	\$47,587.50
24	1/1/2032	911.25	911.25	7,290.00	39,000.00	690,000.00	\$48,112.50
25	7/1/2032	862.50	862.50	6,900.00	39,000.00	651,000.00	\$47,625.00
26	1/1/2033	813.75	813.75	6,510.00	40,000.00	611,000.00	\$48,137.50
27	7/1/2033	763.75	763.75	6,110.00	40,000.00	571,000.00	\$47,637.50
28	1/1/2034	713.75	713.75	5,710.00	41,000.00	530,000.00	\$48,137.50
29	7/1/2034	662.50	662.50	5,300.00	41,000.00	489,000.00	\$47,625.00
30	1/1/2035	611.25	611.25	4,890.00	42,000.00	447,000.00	\$48,112.50
31	7/1/2035	558.75	558.75	4,470.00	42,000.00	405,000.00	\$47,587.50
32	1/1/2036	506.25	506.25	4,050.00	43,000.00	362,000.00	\$48,062.50
33	7/1/2036	452.50	452.50	3,620.00	43,000.00	319,000.00	\$47,525.00
34	1/1/2037	398.75	398.75	3,190.00	44,000.00	275,000.00	\$47,987.50
35	7/1/2037	343.75	343.75	2,750.00	44,000.00	231,000.00	\$47,437.50
36	1/1/2038	288.75	288.75	2,310.00	45,000.00	186,000.00	\$47,887.50
37	7/1/2038	232.50	232.50	1,860.00	46,000.00	140,000.00	\$48,325.00
38	1/1/2039	175.00	175.00	1,400.00	46,000.00	94,000.00	\$47,750.00
39	7/1/2039	117.50	117.50	940.00	47,000.00	47,000.00	\$48,175.00
40	1/1/2040	58.75	58.75	470.00	47,000.00	0.00	\$47,587.50
		41,155.83	41,155.83	329,246.67	1,500,000.00		1,911,558.33
							1,911,558.33

¹ Proposed Debt Service Schedule, which shall be revised if the Closing does not occur on February 5, 2020.