

CERTIFICATE AS TO RESOLUTION

I, the undersigned, being the duly qualified and acting Clerk of the Commission of the City of Helena, Montana (the "City"), hereby certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION RELATING TO AN INTEREST RATE REDUCTION ON THE CITY'S OUTSTANDING WASTEWATER SYSTEM REVENUE BOND (DNRC REVOLVING LOAN PROGRAM), SERIES 1999; AND AUTHORIZING THE FIXING OF THE TERMS AND CONDITIONS THEREOF" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Commission of the City at a regular meeting on December 3, 2012, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 City Commission members voted in favor thereof: Mayor Smith and Commissioners Ellison, Elsaesser, Thweatt and Haque-Hausrath.

voted against the same:

abstained from voting thereon:

or were absent:

WITNESS my hand and seal officially this 3rd day of December, 2012.

Clerk of the Commission

RESOLUTION RELATING TO AN INTEREST RATE REDUCTION ON THE CITY'S
OUTSTANDING WASTEWATER SYSTEM REVENUE BONDS (DNRC REVOLVING LOAN
PROGRAM), SERIES 1999; AND AUTHORIZING THE FIXING OF THE TERMS AND
CONDITIONS THEREOF

CITY OF HELENA, MONTANA

Adopted: December 3, 2012

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(For convenience only, not a part of this Supplemental Resolution)

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RESOLUTION #19976

RESOLUTION RELATING TO AN INTEREST RATE REDUCTION ON THE CITY'S OUTSTANDING WASTEWATER SYSTEM REVENUE BONDS (DNRC REVOLVING LOAN PROGRAM), SERIES 1999; AND AUTHORIZING THE FIXING OF THE TERMS AND CONDITIONS THEREOF

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

WHEREAS, the State Act provides that funds from the Program will be disbursed and administered (i) for the purposes set forth in the Clean Water Act, and (ii) according to procedures and rules adopted by the DEQ and the DNRC; and

WHEREAS, the City of Helena, Montana (the "City") previously applied to the DNRC for and received a loan (the "Loan") from the Revolving Fund to enable the City to finance, refinance or reimburse itself for the costs incurred for improvements to the System (as defined in the Amended Resolution) in carrying out the purposes of the Clean Water Act;

WHEREAS, pursuant to the Intended Use Plan for fiscal year 2013 (the "IUP") for the Program, the DNRC and the DEQ have determined that it is in the best interests of borrowers (such as the City) of loans made under the Program to reduce the interest rates available to borrowers under the Program;

WHEREAS, the City has previously issued its Sewerage System Revenue Bond (DNRC Revolving Loan Program), Series 1999 (the "Original Series 1999 Bond") in the maximum principal amount of \$9,320,000, pursuant to Resolution No. 11392 adopted by the City Commission of the City on July 12, 1999; to evidence the Loan (the "Amended Resolution"); and

WHEREAS, the Original Series 1999 Bond has an aggregate interest rate of 4.00% and the City has requested that the DNRC reduce the interest rate on the Original Series 1999 Bonds and the DNRC in accordance with the IUP has agreed to reduce the aggregate interest rate for the Original Series 1999 Bond to 2.00%; and

WHEREAS, the City wishes to reduce the interest rate on the Original Series 1999 Bond as described above and provide for amendments to the Amended Resolution to effectuate such amendments as are necessary to cancel the Original Series 1999 Bond numbered R-1 and reissue the following obligation numbered R-2 with the lower interest rate approved by DNRC: (i) Amended Wastewater System Revenue Bonds (DNRC Revolving Loan Program), Series 1999 (the "Amended Series 1999 Bond"), in the aggregate principal amount of \$6,310,000 with an aggregate interest rate of 2.00% per annum and dated the Delivery Date.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HELENA, MONTANA, AS FOLLOWS:

(The remainder of this page is intentionally left blank.)

ARTICLE I

DEFINITIONS, RULES OF CONSTRUCTION AND APPENDICES

Section 1.1. Definitions. All definitions used herein shall have the meanings granted to them in the Prior Resolutions unless defined below or a different meaning clearly appears from the context:

“Amended Series 1999 Bond” means the City’s Amended Wastewater System Revenue Bonds (DNRC Revolving Loan Program), Series 1999 amended pursuant to this resolution in the principal amount of \$6,310,000 and delivered on the Delivery Date to DNRC.

“Amended Resolution” means the 1999 Resolution.

“Delivery Date” means, with respect to the Amended Series 1999 Bond, December 19, 2012 or such other date as determined by the City Manager for delivery of the Amended Series 1999 Bond to “refund” the Original Series 1999 Bond.

“Loan Loss Reserve Surcharge” means a fee equal to (i) one quarter of one percent (0.25%) per annum on the outstanding principal amount of the Loan as evidenced by the Original Series 1999 Bond and (ii) zero percent (0.00%) per annum on the outstanding principal amount of the Loan as evidenced by the Amended Series 1999 Bond, payable on the same dates that payments of interest on the Loan are due.

“Original Series 1999 Bond” means the Sewerage System Revenue Bonds (DNRC Revolving Loan Program), Series 1999, issued by the City in the maximum principal amount of \$9,320,000.

“Resolution” means Resolution No. 10111 of the City adopted on May 22, 1989, as amended and supplemented by Resolution Nos. 10201, 11392, and 19976, adopted by the City Commission on May 21, 1990, July 12, 1999, and December 3, 2012 respectively.

“Reserve Requirement” means, as of the date of calculation, the combined maximum amount of principal of and interest due on all Outstanding Bonds in the current or any future Fiscal Year (giving effect to any mandatory sinking fund redemption).

“1999 Resolution” means Resolution No. 11392 adopted by the City Commission on July 12, 1999.

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

- (a) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted government accounting standards.
- (b) Terms in the singular include the plural and vice versa.
- (c) All references to time shall refer to Helena, Montana time, unless otherwise provided herein.
- (d) All references to mail shall refer to first-class mail postage prepaid.
- (e) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

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

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

Appendix A: the form of the Amended Series 1999 Bond.

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ARTICLE II

AUTHORIZATION, FINDINGS, REPRESENTATIONS AND COVENANTS

Section 2.1. Organization, Authority and Compliance.

The City represents as follows:

(a) Organization and Authority. The City:

- (i) is duly organized and validly existing as a municipal corporation 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 System and to carry on its current activities with respect to the System, to adopt this resolution and to carry out and consummate all transactions contemplated by the Resolution and the Bonds;
- (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 Bonds and various certificates required to document the interest rate reduction.

(b) Compliance With Law. The City:

- (i) is in compliance with all laws, ordinances, governmental rules and regulations and court or other governmental orders, judgments and decrees to which it is subject and which are material to the properties, operations and finances of the System or the City's status as a Public Entity and Governmental Unit; and
- (ii) has obtained all licenses, permits, franchises or other governmental authorizations necessary to the ownership of the System 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 System and the operation thereof, which failure to obtain might materially and adversely affect the ability of the City to conduct the operation of the System as presently conducted or the condition (financial or otherwise) of the System or the City's ability to perform its obligations under the Resolution, and the Bonds.

Section 2.2. Covenants Relating to the Tax-Exempt Status of the State Bonds.

(a) The City covenants and agrees that it will not use or permit to be used any of the proceeds of the Amended Series 1999 Bond or any other funds of the City in respect of the 1999 Project financed by the Original Series 1999 Bond, 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 Internal Revenue Code of 1986, as amended (the "Code") and the applicable Treasury Regulations (the "Regulations") 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 Amended Series 1999 Bond.

(c) The City shall not use or permit the use of the 1999 Project financed by the Original Series 1999 Bond, directly or indirectly in any trade or business carried on by any Person who is not a Governmental Unit. For the purpose of this subparagraph, use as a member of the general public (within the meaning of the Regulations) shall not be taken into account and any activity carried on by a Person other than a natural person shall be treated as a trade or business.

(d) Any portion of the 1999 Project, the cost of which was acquired by and is now and shall, during the term of the Loan, be owned by the City and not by any other Person. Any portion of the 1999 Project being refinanced by the Amended Series 1999 Bond shall be acquired by and shall, during the term of the Loan, be owned by the City and not by any other Person. Notwithstanding the previous two sentences, the City may transfer the projects or a portion thereof refinanced by the Amended Series 1999 Bond to another Governmental Unit which is also a Public Entity if such transfer is otherwise permitted under the Resolution and if the DNRC receives an Opinion of Bond Counsel 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 or purposes of federal income taxation. In addition, except as otherwise provided in the Resolution or in any Collateral Documents, the City may sell or otherwise dispose of any portion of the 1999 Project refinanced by the Amended 1999 Bond 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) On the Delivery Date, the DNRC will, if necessary to obtain the Opinion of Bond Counsel described in Section 7.05(a) of the Indenture, deliver to the City instructions concerning compliance by the City with the arbitrage rebate requirements of Section 148 of the Code (the "Arbitrage Rebate Instructions"). The City shall comply with the Arbitrage Rebate Instructions, if any, delivered to it by the DNRC at Closing, as such Instructions may be amended or replaced by the DNRC from time to time. The Arbitrage Rebate Instructions may be amended or replaced by new Arbitrage Rebate Instructions delivered by the DNRC and accompanied by an Opinion of Bond Counsel to the effect that the use of said amended or new Arbitrage Rebate Instructions will not adversely affect the excludability of interest on the State Bonds or any Additional State Bonds (except 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 Loan Term of Amended Series 1999 Bond it will not contract with or permit any Private Person to manage the 1999 Project refinanced with the Amended Series 1999 Bond 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 State Bonds from gross income or purposes of federal income taxation.

(g) The City may not lease the 1999 Project refinanced with proceeds of the Amended Series 1999 Bond or any portion thereof 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 the Resolution; provided the City may lease all or any portion of the 1999 Project refinanced with proceeds of the Amended Series 1999 Bond 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 the 1999 Project refinanced with proceeds of the Amended Series 1999 Bond if (i) such change will violate the Clean Water Act, or (ii) so long as the State Bonds are outstanding unless, in the Opinion of Bond Counsel, delivered to the DNRC, such change will not result in the inclusion in gross income of interest on the State Bonds for federal income tax purposes.

Section 2.3. Power to Amend the Amended Resolution and Confirmation of Amended Resolution. The City in the Amended Resolution reserved the right to amend such resolutions upon notice to and with the consent of the DNRC. Except as specifically amended by this resolution all other terms of the Amended Resolution are hereby ratified and confirmed, and remain in full force and effect.

Section 2.4. Consent of DNRC. The DNRC has agreed to the amendment of certain provisions of the Amended Resolution in connection with the determination to reduce the interest rate under the Program payable by the City on the Original Series 1999 Bond, as set forth in the Amended Series 1999 Bond.

Section 2.5. Amendment to Amended Resolution. Pursuant to the authority cited in Sections 2.3 and 2.4 of this resolution, the City makes the following amendments to the Amended Resolution.

(a) The Amended Resolution is hereby amended effective as of the Delivery Date to read as follows:

(i) all references to the aggregate interest rate, or that interest rate that includes the interest rate and all surcharges, on the Original Series 1999 Bond are hereby amended to read 2.00% per annum, instead of 4.00% per annum; (ii) all references to the interest rate on the Original Series 1999 Bond exclusive of any surcharges are hereby amended to read 1.25% per annum, instead of 2.25% per annum; (iii) the administrative expense surcharge on the Original Series 1999 Bond will continue in effect at 0.75% per annum; and (iv) all references to the Loan Loss Reserve Surcharge on the Original Series 1999 Bond are hereby amended to read 0.00% per annum, instead of 1.00% per annum; and

(ii) the total principal amount of the Amended Series 1999 Bond is \$6,310,000.

(b) Except as expressly noted herein, other interest rates or surcharges are not adjusted, including, without limitation, interest on past-due amounts.

Section 2.6. Naming. In a resolution adopted in 1992 by the City Commission, the City defined the sewerage system to be the wastewater system and all references in the Original Series 1999 Bond and the the Amended Resolution to sewerage shall now be read to be wastewater. The term sewerage in the name of the Original Series 1999 Bond is hereby replaced with the term wastewater.

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ARTICLE III

REPAYMENT OF LOAN

Section 3.1. Repayment of Loan. The City reaffirms its intent to repay the amounts lent to it by DNRC with respect to the Amended Series 1999 Bond plus interest on the unpaid amounts as adjusted in Section 2.5 above.

Section 3.2. Affirmation of Limited Liability. All payments of principal of and interest on the Loans and other payment obligations of the City hereunder and under the Amended Series 1999 Bond shall be special, limited obligations of the City payable solely out of the Net Revenues and shall not, except at the option of the City and as permitted by law, be payable out of any other revenues of the City. The obligations of the City under the Resolution and the Amended Series 1999 Bond shall never constitute an indebtedness of the City within the meaning of any state constitutional provision or statutory or charter 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 Amended Series 1999 Bond is not a general obligation of the City and the taxing powers of the City may not be used to pay principal of or interest on the Amended Series 1999 Bond, and no funds or property of the City other than the Net Revenues may be required to be used to pay principal of or interest on the Amended Series 1999 Bond.

Section 3.3. Preparation and Delivery of the Amended Series 1999 Bond. Amendment of Form of Amended Series 1999 Bond. Pursuant to the authority cited in Sections 2.3 and 2.4 of this resolution, effective as of the Delivery Date, the Original Series 1999 Bond attached as Exhibit B to the 1999 Resolution is hereby amended and restated in its entirety substantially as set forth on the attached Appendix A. The Amended Series 1999 Bond shall be prepared under the direction of the City Manager of the City and shall be executed on behalf of the City by the Mayor, City Manager, and Clerk of the Commission. When the Amended Series 1999 Bond has been executed, the Controller of the City shall cause them to be dated as of the date of delivery and delivered to the DNRC, as purchaser thereof, in anticipation of the surrender of the Original Series 1999 Bond.

Section 3.4. Debt Service Account; Reserve Account. The City Controller is authorized and directed to transfer amounts in the Debt Service Account to pay interest owing on the Original Series 1999 Bond, as of the Delivery Date. The City Controller is further authorized and directed to transfer amounts made available in the Reserve Account because of the foregoing interest rate adjustments to the Debt Service Account to prepay any one or more Original Series 1999 Bond, as of the Delivery Date, to pay costs of issuance of the Amended Series 1999 Bond, or to any other eligible fund or account or for any other eligible purpose, as described more particularly in certificates or documents delivered in conjunction with the delivery of the Amended Series 1999 Bond.

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ARTICLE IV

TAX MATTERS

Section 4.1. General Covenants. The City covenants and agrees with DNRC, as holder of the Amended Series 1999 Bond, that the City 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 Amended Series 1999 Bond to become includable in gross income for federal income tax purposes under the Code and the Regulations, and covenants to take any and all actions within its powers to ensure that the interest on the Amended Series 1999 Bond will not become includable in gross income for federal income tax purposes under the Code and the Regulations. The 1999 Project and the System are each owned and maintained by the City and available for use by members of the general public on a substantially equal basis. The City agrees not to enter into any lease, use or other agreement with any non-governmental person relating to the use of the 1999 Project or the System or security for the payment of the Amended Series 1999 Bond which might cause the Amended Series 1999 Bond to be considered a “private activity bond” or “private loan bond” within the meaning of Section 141 of the Code.

Section 4.2. Arbitrage Rebate. The Mayor, City Manager and Director of Administrative Services being the officers of the City charged with the responsibility for the amendments to the Amended Series 1999 Bond pursuant to this Resolution, are authorized and directed to execute and deliver to the DNRC a certificate in accordance with the provisions of Section 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 delivery of the Amended Series 1999 Bond, it is reasonably expected that the Amended Series 1999 Bond will be used in a manner that would not cause the Amended Series 1999 Bond to be “arbitrage bonds” within the meaning of Section 148 of the Code and the Regulations. The City hereby covenants and agrees to make the determinations, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 148(f).

Section 4.3. Certification. The Mayor, City Manager and Director of Administrative Services being the officers of the City charged with the responsibility for issuing the First Amended and Restated Bonds pursuant to this resolution, are authorized and directed to execute and deliver to the DNRC certifications to satisfy the provisions of Sections 1.148-2(b) of the Regulations relating to a reasonable expectation that the proceeds of the Amended Series 1999 Bond will be used in a manner that will not cause it to be an arbitrage bond.

Section 4.4. Information Reporting. The City shall file with the Secretary of the Treasury, not later than February 15, 2013, a form 8038-G concerning the Amended Series 1999 Bond that contains the information required by Section 149(e) of the Code.

Section 4.5. Program Covenants. The City agrees that (i) 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 bonds issued by the State under the Trust Indenture for the Program in an amount related to the amount of the Amended Series 1999 Bond; and (ii) the issuance of the Amended Series 1999 Bond constitutes a “deemed” refunding of the Original Series 1999 Bond effective as of the Delivery Date and the DNRC shall be deemed to have relented the proceeds of the Original Series 1999 Bond under the Program effective as of such date.

ARTICLE V

MISCELLANEOUS

Section 5.1. Amendment to Article VI of Resolution No. 11392. Article VI of the Amended Resolution is hereby deleted in its entirety and the following is added in its place.

ARTICLE VI INDEMNIFICATION OF DNRC AND DEQ

To the extent permitted by law, the City shall indemnify and save harmless the DNRC, 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 or in any way relating to the condition, use, possession, conduct, management, planning, design, acquisition, construction, installation or financing of the 1999 Project. To the extent permitted by law, the City shall 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 the Indemnified Party, defend such proceeding on behalf of the Indemnified Party.

Section 5.2. Effective Date. This resolution shall be in full force and effect from and after its passage. The amendments to the Amended Series 1999 Bond noted herein, however, shall be effective only from and after the Delivery Date.

Section 5.3. City Staff to Assist Bond Counsel. The law firm of Kennedy & Graven, Chartered, P.C., as bond counsel for the City, is authorized to act as bond counsel and to assist in the preparation and review of necessary documents, certificates and instruments relating to the Amended Series 1999 Bond. The Mayor and City Manager and other officers, employees and agents of the City are hereby authorized to assist Kennedy & Graven, Chartered, P.C., in the preparation of such documents, certificates, and instruments as are necessary to deliver the Amended Series 1999 Bond.

Section 5.4. Reaffirmation of Post-Issuance Policies. The Internal Revenue Service Form 8038-G to be filed upon issuance and delivery of the Amended Series 1999 Bond asks whether the City has adopted policies and procedures for monitoring post-issuance compliance with the Internal Revenue Code provisions relating to any tax-exempt bonds of the City. City staff has previously implemented such post-issuance compliance policies and the post-issuance compliance policies are hereby reconfirmed.

Section 5.5. Certification. The officers of the City are authorized and directed to prepare and furnish to the DNRC and to the attorneys rendering an opinion as to the legality of the Amended Series 1999 Bond, certified copies of all ordinances, resolutions and records and such other certificates, affidavits and other instruments as may be required to evidence the validity, status of tax-exempt interest, or marketability of the Amended Series 1999 Bond and all such certified copies, certificates and affidavits shall constitute representations of the City as to the truth of all statements of fact contained therein.

Adopted by the City Commission of the City of Helena, Montana, on this 3rd day of December, 2012.

CITY OF HELENA, MONTANA

/S/ James E. Smith

Its: Mayor

Attest:

/S/ Debbie Havens

Its: Clerk of the Commission

(SEAL)

APPENDIX A

FORM OF AMENDED SERIES 1999 BOND

**UNITED STATES OF AMERICA
STATE OF MONTANA
LEWIS AND CLARK COUNTY**

CITY OF HELENA

**AMENDED WASTEWATER SYSTEM REVENUE BOND
(DNRC REVOLVING LOAN PROGRAM)
SERIES 1999**

Dated December 19, 2012

Aggregate Interest Rate: 2.00%

R-2

\$6,310,000

FOR VALUE RECEIVED, THE CITY OF HELENA, 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 Revenue Bond Account of its Water System Fund, the principal sum equal to the sum of the amounts entered on Schedule A hereto under "Total Amount Advanced," with interest on each such amount from the date above at the rate of one and one-quarter percent (1.25%) per annum, in semiannual Loan Repayments on the unpaid balance until paid. In addition, the City shall pay an Administrative Expense Surcharge and a Loan Loss Reserve Surcharge on the outstanding principal amount of this Series 1999 Bond at the rates of seventy-five hundredths of one percent (0.75%) per annum and a Loan Loss Reserve Surcharge equal to zero percent (0.00%) per annum, respectively, per annum. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be payable in semiannual installments payable on each January 1 and July 1 (each a "Loan Repayment Date") commencing January 1, 2013. Principal shall be payable on the dates set forth in Schedule B hereto. Each installment shall be in the amount set forth opposite its due date in Schedule B hereto under "Total Loan Payment." The portion of each such payment consisting of principal, the portion consisting of interest and 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. Schedule B shall be calculated on a level debt service basis assuming an interest rate of two percent (2.00%) per annum. Past-due payments of principal and interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall bear interest at the rate of ten percent (10.00%) per annum, until paid. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be calculated on the basis of a 360-day year comprising 12 months of 30 days each. All payments under this Series 1999 Bond shall be made to the registered holder of this Series 1999 Bond, at its address as it appears on the Bond register, in lawful money of the United States of America. All capitalized terms used in this Series 1999 Bond and not defined herein shall have the meanings granted to them in the Resolution (as defined below).

This is a single Wastewater System Revenue Bond (DNRC Revolving Loan Program), Series 1999 (the "Series 1999 Bond"), in the principal amount not to exceed \$6,310,000, issued pursuant to the Resolution to finance (i) the cost of the design and construction of improvements to the City's Wastewater Treatment Plant (the "1999 Project"), (ii) a deposit to the Bond Reserve, and (iii) to pay the

costs of issuance of the Series 1999 Bond. The Series 1999 Bond is issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 7, Part 44 and 45, as amended, and ordinances and resolutions duly adopted by the City Commission of the City, including Resolution No. 10111, of the City adopted on May 22, 1989, as amended and supplemented by Resolution Nos. 10201, 11392 and 19976 adopted by the City Commission on May 21, 1990, July 12, 1999 and December 3, 2012 (as so amended and supplemented, the "Resolution"). This Series 1999 Bond is issuable only as a single, fully registered bond. The Amended Series 1999 Bond is issued on a parity and is equally and ratably secured by the Net Revenues with any future Additional Bonds (as defined in the Resolution).

Reference is made to the Resolution for a more complete statement of (i) the terms and conditions upon which this Series 1999 Bond has been issued, (ii) the Net Revenues pledged and appropriated for the payment and security of this Series 1999 Bond, (iii) the conditions upon which Additional Bonds may be issued under the Resolution and made payable from such Net Revenues on a parity with the Outstanding Bonds, and any other bonds issued on a parity therewith under the terms and conditions of the Resolution (collectively, the "Bonds") or otherwise, (iv) the conditions upon which the Resolution may be amended, (v) the rights, duties and obligations of the City, and (vi) the rights of the owner of the Series 1999 Bond.

The City may prepay the principal of the Series 1999 Bond only if (i) it obtains the prior written consent of the DNRC thereto, and (ii) no Loan Repayment or Administrative Expense Surcharge or Loan Loss Reserve Surcharge is then delinquent. Any prepayment of this Series 1999 Bond permitted by the DNRC must be accompanied by payment of accrued interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal of this Series 1999 Bond prepaid on such date. If the Series 1999 Bond is prepaid in part, such prepayments of this Series 1999 Bond shall be applied to principal payments in inverse order of maturity.

This Series 1999 Bond, including interest and any premium for the redemption hereof, is payable solely from the Net Revenues pledged for the payment hereof and does not constitute a debt of the City within the meaning of any constitutional, statutory or charter limitation or provision. This Series 1999 Bond is not a general obligation of the City and is not payable from any property taxes levied by the City.

The City may deem and treat the person in whose name this Series 1999 Bond is registered as the absolute owner hereof, whether this Series 1999 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.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the City has (i) duly authorized and will forthwith undertake the 1999 Project, (ii) fixed and established and will collect reasonable rates and charges for the services and facilities afforded by the System, including all additions thereto and replacements and improvements thereof, and (iii) created a special Water System Fund into which the gross revenues of the System will be paid, and a separate and special Revenue Bond Account in the Water System Fund, into which will be paid each month, Net Revenues then on hand, an amount equal to not less than the sum of one-sixth of the interest due on the next Payment Date and one-sixth of the principal due on the next Payment Date with respect to all Outstanding Bonds payable from the Revenue Bond Account, and the Reserve Account of the Revenue Bond Account into which shall be paid additional Net Revenues sufficient to establish and maintain the Reserve Requirement therein with respect to all Outstanding Bonds in the current or any future Fiscal Year (giving effect to any mandatory sinking fund redemption). The Revenue Bond Account will be used only to pay the principal of, premium, if any, and interest on the Bonds issued pursuant to the authority herein recited. The rates and charges for the System will from time to time be made and kept sufficient to provide Net Revenues in each Fiscal Year at least equal to 125% of the maximum amount of principal and interest payable on Bonds from the Revenue Bond Account in any subsequent Fiscal Year. Additional Bonds and Refunding

Bonds may be issued and made payable from the Revenue Bond Account on a parity with the Outstanding Bonds and any Additional Bonds, upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues, unless the lien thereof is expressly made subordinate and junior by the City to the lien of the Outstanding Bonds and other Additional Bonds on such Net Revenues. All provisions for the security of this Series 1999 Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated by the City and all acts, conditions and things required by the Constitution and laws of the State of Montana and the home rule charter and the ordinances and resolutions of the City to be done, to exist, to happen and to be performed in order to make this Series 1999 Bond a valid and binding special, limited obligation of the City according to its terms have been done, do exist, have happened and have been performed as so required; and that this Series 1999 Bond and the premium, if any, and interest hereon are payable solely from the Net Revenues pledged and appropriated to the Revenue Bond Account. This Series 1999 Bond does not constitute a debt of the City within the meaning of any constitutional, statutory or charter limitation or provision and the issuance of this Series 1999 Bond does not cause either the general or the special indebtedness of the City to exceed any constitutional, statutory or charter limitation. This Series 1999 Bond is not a general obligation of the City and the taxing power of the City is not pledged to the payment of this Series 1999 Bond.

IN WITNESS WHEREOF, the City of Helena, Montana, by its governing body, has caused this Bond to be executed by the signatures of its Mayor, City Manager and countersigned by the signature of the Clerk of the Commission, and has caused the official seal of the City to be affixed hereto, and has caused this Bond to be dated as of the 19th day of December, 2012.

CITY OF HELENA, MONTANA

Its: Mayor

Its: City Manager

ATTEST:

Its: Clerk of the Commission

(SEAL)

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 Director of Administrative Services 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 Helena, Montana in the name of the registered holder appearing on the first page hereof and named immediately below or as last noted below:

<u>Date of Registration</u>	<u>Name and Address of Registered Holder</u>	<u>Signature of Director of Administrative Services</u>
December 19, 2012	Department of Natural Resources and Conservation 1625 Eleventh Avenue Helena, MT 59620	_____

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

The Director of Administrative Services of the City of Helena, 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.

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

ASSIGNMENT

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

Dated: _____

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

SCHEDULE A
SCHEDULE OF AMOUNTS ADVANCED

N/A

SCHEDULE B

BORROWER: Helena
 PROJECT NAME: FINAL LOAN PAYMENT: 7/1/2021
 LOAN COMMITMENT: \$6,310,000 # OF LOAN PAYMENTS: 18
 LOAN AMOUNT: 6,310,000 PROJECT NUMBER:
 INTEREST RATE: 2.00% DATE OF FUNDING: 12/19/2012

	PAYMENT DUE	LOAN LOSS RESERVE	ADM EXPENSE SURCHARGE	INTEREST PAYMENT	PRINCIPAL PAYMENT	O/S LOAN BALANCE	TOTAL AMOUNT OF PAYMENT	
1	1/1/2013	0.00	1,577.50	2,629.17	322,000.00	5,988,000.00	\$326,206.67	\$ 326,206.67
2	7/1/2013	0.00	22,455.00	37,425.00	325,000.00	5,663,000.00	\$384,880.00	
3	1/1/2014	0.00	21,236.25	35,393.75	328,000.00	5,335,000.00	\$384,630.00	\$769,510.00
4	7/1/2014	0.00	20,006.25	33,343.75	331,000.00	5,004,000.00	\$384,350.00	
5	1/1/2015	0.00	18,765.00	31,275.00	335,000.00	4,669,000.00	\$385,040.00	\$ 769,390.00
6	7/1/2015	0.00	17,508.75	29,181.25	338,000.00	4,331,000.00	\$384,690.00	
7	1/1/2016	0.00	16,241.25	27,068.75	341,000.00	3,990,000.00	\$384,310.00	\$ 769,000.00
8	7/1/2016	0.00	14,962.50	24,937.50	345,000.00	3,645,000.00	\$384,900.00	
9	1/1/2017	0.00	13,668.75	22,781.25	348,000.00	3,297,000.00	\$384,450.00	\$ 769,350.00
10	7/1/2017	0.00	12,363.75	20,606.25	352,000.00	2,945,000.00	\$384,970.00	
11	1/1/2018	0.00	11,043.75	18,406.25	355,000.00	2,590,000.00	\$384,450.00	\$ 769,420.00
12	7/1/2018	0.00	9,712.50	16,187.50	359,000.00	2,231,000.00	\$384,900.00	
13	1/1/2019	0.00	8,366.25	13,943.75	362,000.00	1,869,000.00	\$384,310.00	\$ 769,210.00
14	7/1/2019	0.00	7,008.75	11,681.25	366,000.00	1,503,000.00	\$384,690.00	
15	1/1/2020	0.00	5,636.25	9,393.75	370,000.00	1,133,000.00	\$385,030.00	\$ 769,720.00
16	7/1/2020	0.00	4,248.75	7,081.25	373,000.00	760,000.00	\$384,330.00	
17	1/1/2021	0.00	2,850.00	4,750.00	377,000.00	383,000.00	\$384,600.00	\$ 768,930.00
18	7/1/2021	0.00	1,436.25	2,393.75	383,000.00	0.00	\$386,830.00	\$386,830.00
		0.00	209,087.50	348,479.17	6,310,000.00		6,867,566.67	6,867,566.67

HE375-17 (BWJ)
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