

**CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE**

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 \$5,700,000 WATER SYSTEM REVENUE BONDS (DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM), SERIES 2019 BOND; AUTHORIZING THE ISSUANCE AND FIXING 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 August 12, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 City Commission members voted in favor thereof:

voted against the same:

abstained from voting thereon:

or were absent:

WITNESS my hand and seal officially this \_\_\_\_ day of August, 2019.

(SEAL)

\_\_\_\_\_  
Clerk of the Commission

SUPPLEMENTAL RESOLUTION

Relating to

\$5,700,000  
WATER SYSTEM REVENUE BONDS  
(DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM)  
SERIES 2019 BOND

CITY OF HELENA, MONTANA

Adopted: August 12, 2019

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**RESOLUTION NO. 20552**

**RESOLUTION RELATING TO \$5,700,000 WATER SYSTEM REVENUE BONDS (DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM), SERIES 2019 BOND; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF**

**RECITALS:**

WHEREAS, pursuant to the Drinking Water State Revolving Fund Act, Montana Code Annotated, Title 75, Chapter 5, Part 11, as amended (the “Act”), the State of Montana (the “State”) has established a revolving loan program (the “Program”) to be administered by the Department of Natural Resources and Conservation of the State of Montana, an agency of the State (the “DNRC”), and by the Department of Environmental Quality of the State of Montana, an agency of the State (the “DEQ”), and has provided that a Drinking Water 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 Drinking Water revolving fund under the Federal Drinking Water Act (the “Safe Drinking Water Act”), all repayments of assistance awarded from the Revolving Fund, interest on investments made on money in the Revolving Fund and payments of principal of and interest on loans made from the Revolving Fund; and

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

WHEREAS, the City of Helena, Montana (the “Borrower”), has applied to the DNRC for the 2019 Loan (as hereinafter defined) from the Revolving Fund to enable the Borrower to finance, refinance or reimburse itself for a portion of the costs of the 2019 Project (as hereinafter defined) which will carry out the purposes of the Safe Drinking Water Act and to pay costs of issuance of the Series 2019 Bond (as hereinafter defined); and

WHEREAS, the DNRC offered to make loans in the total principal amount of \$5,700,000 available to the Borrower; and

WHEREAS, the Borrower contemplates issuing bonds in a single series, a Series 2019 Bond in the maximum principal amount of \$5,700,000 (the “Series 2019 Bond”); and

WHEREAS, the Borrower is authorized under applicable laws, ordinances and regulations to adopt this Supplemental Resolution and to issue the Series 2019 Bond to evidence the 2019 Loan (as hereinafter defined) for the purposes set forth herein; and

WHEREAS, the DNRC will fund the 2019 Loan (as hereinafter defined) with proceeds of Recycled Money (as hereinafter defined).

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

**ARTICLE I**

**DEFINITIONS, RULES OF CONSTRUCTION AND APPENDICES**

Section 1.1. Definitions. In this Supplemental Resolution, unless a different meaning clearly appears from the context, the following terms shall have the following meanings:

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

“Act” means (i) with respect to the Borrower, the Enabling Act, and (ii) with respect to the DNRC, the State Act, as amended from time to time.

“Additional Bonds” means any Bonds in addition to the Outstanding Bonds issued pursuant to Section 7 of the Resolution.

“Administrative Expense Surcharge” means in respect of the 2019 Loan, a surcharge equal to twenty-five hundredths of one percent (0.25%) per annum on the outstanding principal amount of the 2019 Loan from the date of each advance thereof, payable by the Borrower on a Payment Date.

“Amended and Restated Resolution” means the Amended and Restated Resolution No. 20552, adopted by the Commission on August 12, 2019, which amends and restates the Original Resolution.

“Amended Bonds” means the Amended Series 2005 Bond, the Amended Series 2007 Bond, and the Amended Series 2012 Bond.

“Amended Series 2005 Bond” means the City’s Water System Revenue Bond, Series 2005 amended pursuant to the Amended and Restated Resolution, issued in the original principal amount of \$2,072,000 and delivered on the Delivery Date to DNRC.

“Amended Series 2007 Bond” means the City’s Water System Revenue Bond, Series 2007 amended pursuant to the Amended and Restated Resolution, issued in the original principal amount of \$2,242,000 and delivered on the Delivery Date to DNRC.

“Amended Series 2012 Bond” means the City’s Water System Revenue Bond, Series 2012 amended pursuant to the Amended and Restated Resolution, issued in the original principal amount of \$1,325,000 and delivered on the Delivery Date to DNRC.

“Amended Resolutions” means Resolution Nos. 19261, 19468, and 19897 adopted by the City Commission on July 25, 2005, May 21, 2007, and February 13, 2012.

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

“Bonds” means the Amended Bonds, the Series 2016B Bond, and the Series 2019 Bond and any additional bonds to be issued on a parity therewith pursuant to the Original Resolution. “Bonds” does not include the Series 2016A Bonds.

“Borrower” or “City” means the City of Helena, Montana, or any permitted successor or assign.

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

“Closing” means the date of delivery of the Series 2019 Bond to the DNRC.

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

“Collateral Documents” means any security agreement, guaranty or other document or agreement delivered to the DNRC securing the obligations of the Borrower under this Supplemental Resolution and the Series 2019 Bond. If no Collateral Documents secure such obligations, any reference to Collateral Documents in this Supplemental Resolution shall be without effect.

“Commission” means the City Commission of the Borrower.

“Committed Amount” means the aggregate amount of the 2019 Loan committed to be lent by the DNRC to the Borrower pursuant to Section 4.1, as such amount may be reduced pursuant to Sections 3.2 and 3.4.

“Construction Account” means the account created in the Water System Fund pursuant to Section 10.1 of Resolution No. 11644.

“Consultant” means a nationally recognized consultant or firm of consultants, or an independent engineer or firm of independent engineers, or an Accountant, which in any case is qualified and has skill and experience in the preparation of financial feasibility studies or projections for facilities similar to the System or the 2019 Project, selected by the Borrower and satisfactory to the DNRC.

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

“Debt” means, without duplication, in respect of the System, (1) indebtedness of the Borrower for borrowed money or for the deferred purchase price of property or services; (2) the obligation of the Borrower as lessee under leases which should be recorded as capital leases under generally accepted accounting principles; and (3) obligations of the Borrower 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.

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

“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.

“Enabling Act” means Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as amended from time to time, which authorizes the Borrower to own and operate the System, to undertake the 2019 Project and to issue the Series 2019 Bond to finance costs of the 2019 Project.

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

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

“EPA Capitalization Grant” means a grant of funds to the State by the EPA under Section 1452 of the Safe Drinking Water Act.

“Fund” means the Water Service Fund maintained pursuant to Article V of the Amended and Restated Resolution and established under the Original Resolution.

“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 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.

“Loan Loss Reserve Surcharge” means in respect of the 2019 Loan, a surcharge equal to twenty-five hundredths of one percent (0.25%) per annum on the outstanding principal amount of the 2019 Loan from the date of each advance thereof, payable by the Borrower on a Payment Date.

“Loan Term” means that period of time commencing and ending as set in Sections 4.2 and 4.3.

“Net Revenues” means the gross revenues of the System remaining after the payment of operating expenses of the System as more fully described in the Amended and Restated Resolution and this Supplemental Resolution.

“Operating Account” means the account created in the Water System Fund pursuant to Section 5.2 of the Amended and Restated Resolution.

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

“Original Resolution” means, collectively, Resolution Nos. 10386, 10391, 11644, 11822, 19146, 19261, 19468, 19897, and Resolution No. 20319, adopted by the City Commission on March 30, 1992, April 13, 1992, June 18, 2001, October 7, 2002, July 26, 2004, the Previously Amended Resolutions, as amended by Resolution No. 19973, adopted by the City on November 19, 2012, and November 14, 2016, respectively, as amended and restated by the Amended and Restated Resolution.



“Payment Date” means with respect the 2019 Loan, each January 1 and July 1 during the term of the Series 2019 Bond on which a payment of interest or principal and interest is due, as determined under this Supplemental Resolution.

“Person” means any Private Person or Public Entity.

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

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

“Project” means an improvement, betterment, reconstruction or extension of the System, including the 2019 Project.

“Public Entity” means a municipality, city, town, county, irrigation district, drainage district, county water and sewer district, a soil conservation district, political or administrative subdivision of State government or other public body established by State law or an Indian tribe that has a federally recognized governing body carrying out substantial governmental duties and powers over any area.

“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).

“Registrar” means, with respect to the Series 2019 Bond, the Chief Financial Officer or any successor appointed pursuant to this Supplemental Resolution, and, with respect to any other series of Bonds, the Person or Persons designated by or pursuant to this Supplemental Resolution or any other future supplemental resolution to receive and disburse the principal of, premium, if any, and interest on the Bonds on behalf of the Borrower and to hold and maintain the Bond Register.

“Regulations” means the Treasury Department, Income Tax Regulations, as amended or any successor regulation thereto, promulgated under the Code or otherwise applicable to the Series 2019 Bond.

“Replacement and Depreciation Account” means the Account created in the Water System Fund pursuant to Section 5.4 of the Amended and Restated Resolution.

“Reserve” means the Bond Reserve created within the Revenue Bond Account of the Water System Fund pursuant to Section 5.3 of the Amended and Restated Resolution.

“Reserve Requirement” means, as of the date of calculation, an amount equal to one-half the sum of the highest amount of principal and interest payable on all outstanding Bonds in any one future fiscal year (giving effect to mandatory sinking fund redemption, if any).

“Revenue Bond Account” means the account created in the Water System Fund pursuant to Section 5.3 of the Amended and Restated Resolution.

“Revolving Fund” shall have the meaning set forth in the recitals hereof.

“Safe Drinking Water Act” means Title XIV of the Public Health Service Act, commonly known as the Safe Drinking Water Act, 42 U.S.C. §§300f et seq., as amended, and all regulations, rules and interpretations issued by the EPA thereunder.

“Series 2016A Bond” means the Subordinate Lien Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Taxable Series 2016A, issued in the original principal amount of \$500,000 and delivered to the DNRC.

“Series 2016B Bond” means the Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2016B, issued in the original principal amount of \$661,000 and delivered to DNRC.

“Series 2019 Bond” means the \$5,700,000 Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2019, issued to the DNRC to evidence the 2019 Loan.

“State” means the State of Montana.

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

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

“Subordinate Obligations” mean any subordinate obligations issued under Section 6.4 of the Amended and Restated Resolution.

“Supplemental Resolution” means this resolution of the Borrower adopted on August 12, 2019.

“Surplus Account” means the account created in the Water System Fund pursuant to Section 5.5 of the Amended and Restated Resolution.

“Surplus Net Revenues” means that portion of the Net Revenues in excess of the current requirements of the Operating Account, the Debt Service Account and the Bond Reserve.

“System” means the existing water system of the Borrower and all extensions, improvements and betterments thereof hereafter constructed and acquired, including the 2019 Project.

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

“2019 Loan” or “Loan” means the 2019 Loan made to the Borrower by the DNRC pursuant to the Program in the maximum amount of the Committed Amount to provide funds to pay costs of the 2019 Project and to pay costs of issuance of the Series 2019 Bond.

“2019 Project” means the designing, engineering and construction of the facilities, improvements and activities the cost of which is being financed by or reimbursed to the Borrower in part with proceeds of the 2019 Loan, described in Appendix A hereto.

“2019 First Advance” means the first advance of funds of the 2019 Loan by the DNRC to the Borrower in an amount of at least \$50,001.

“2019 Loan” means the loan made to the Borrower by the DNRC pursuant to the Program in the maximum amount of the Committed Amount to provide funds to pay costs of the 2019 Project payable under the Program and to pay costs of issuance of the Series 2019 Bond.

“Water System Fund” means the fund by such name created by the Amended and Restated Resolution.

“Undisbursed Committed Amount” means any undisbursed Committed Amount which is not required to pay costs of the 2019 Project as provided in Section 3.4.

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 Supplemental Resolution and hereby made a part hereof are the following Appendices:

Appendix A: a description of and estimated budget for the 2019 Project;

Appendix B: the form of the Series 2019 Bond; and

Appendix C: additional agreements and representations of the Borrower.

## ARTICLE II

### AUTHORIZATION, FINDINGS, REPRESENTATIONS AND COVENANTS

Section 2.1. Authorization and Findings.

(a) Authorization. Under the provisions of the Enabling Act, the Borrower is authorized to issue and sell its revenue bonds payable during a term not exceeding forty years from their date of issue, to provide funds for the reconstruction, improvement, betterment and extension of the System or to refund its revenue bonds issued for such purpose; provided that the bonds and the interest thereon are to be payable solely out of the net income and revenues to be derived from rates, fees and charges for the services, facilities and commodities furnished by the undertaking, and are not to create any general obligation for the payment of which taxes may be levied except to pay for services provided by the undertaking to the City.

(b) The System. The Borrower, pursuant to the Enabling Act and other laws of the State, has established and presently owns and operates the System.

(c) The 2019 Project. After investigation of the facts and as authorized by the Enabling Act, this Commission has determined it to be necessary and desirable and in the best interests of the Borrower to acquire and construct the 2019 Project.

(d) Outstanding Bonds. Pursuant to the Enabling Act and the Amended and Restated Resolution, the Borrower has previously issued, and has outstanding, the Amended Bonds and the Series 2016B Bond. The Amended Bonds and the Series 2016B Bond are payable from Net Revenues of the System. The Series 2016A Bond is payable from Surplus Net Revenues if not forgiven. No other bonds or indebtedness are outstanding that are payable from or secured by revenues of the System.

(e) Additional Parity Bonds. The Borrower reserved the right under Article VI of the Amended and Restated Resolution to issue Additional Bonds payable from the Revenue Bond Account of the Fund on a parity as to both principal and interest with the outstanding Bonds, if the Net Revenues of the System for the last complete fiscal year preceding the date of issuance of such additional Bonds have equaled at least 110% of the maximum amount of principal and interest payable from the Revenue Bond Account in any subsequent fiscal year during the term of the outstanding Bonds, on all Bonds then outstanding and on the additional Bonds proposed to be issued. For the purpose of the foregoing computation, the Net Revenues for the fiscal year preceding the issuance of the Additional Bonds shall be those shown by the financial reports caused to be prepared by the Borrower pursuant to the Amended and Restated Resolution, except that if the rates and charges for services provided by the System or finally authorized to go into effect within 60 days after the issuance of the additional Bonds have been changed since the beginning of such preceding fiscal year, then the rates and charges in effect at the time of issuance of the additional Bonds shall be applied to the quantities of service actually rendered and made available during such preceding fiscal year to ascertain the gross revenues, from which there shall be deducted to determine the Net Revenues, the actual operation and maintenance cost plus any additional annual costs of operation and maintenance the Consultant estimates will be incurred because of the improvement or extension of the System to be constructed from the proceeds of the additional Bonds proposed to be issued. In no event shall any additional Bonds be issued and made payable from the Revenue Bond Account if the Borrower is then in default in any payment of principal of or interest on any outstanding Bonds payable therefrom, or if there then exists any deficiency in the balances required by the Amended and Restated Resolution to be maintained in any of the accounts of the Fund, which will not be cured or restored upon the issuance of the additional Bonds. Based on a certificate executed or to be executed by the Mayor and the Chief Financial Officer, or either of them, it is hereby determined that the Borrower is authorized to issue \$5,700,000 in aggregate principal amount of additional Bonds pursuant to Article VI of the Amended and Restated Resolution payable from and secured by the Net Revenues on a parity with the outstanding Amended Bonds.

Section 2.2. Representations. The Borrower represents as follows:

(a) Organization and Authority. The Borrower:

(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 System and to carry on its current activities with respect to the System, to adopt this Supplemental Resolution and to enter into the Collateral Documents and to issue the Series 2019 Bond and to carry out and consummate all transactions

contemplated by this Supplemental Resolution, the Series 2019 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 Supplemental Resolution, the Series 2019 Bond and the Collateral Documents and the incurrence of the Debt evidenced by the Series 2019 Bond in the maximum amount of the Committed Amount.

(b) Pending Litigation. There is no litigation or proceeding pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower in any court or before or by any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the existence, corporate or otherwise, of the Borrower, or the ability of the Borrower to make all payments and otherwise perform its obligations under this Supplemental Resolution, the Series 2019 Bond and the Collateral Documents, or the financial condition of the Borrower, or the transactions contemplated by this Supplemental Resolution, the Series 2019 Bond and the Collateral Documents or the validity and enforceability of this Supplemental Resolution, the Series 2019 Bond and the Collateral Documents. If any such litigation should be initiated or threatened, the Borrower will forthwith notify in writing the DNRC, and will furnish the DNRC a copy of all documents, including pleadings, in connection with such litigation. No referendum petition has been filed with respect to any resolution or other action of the Borrower relating to the 2019 Project, the Series 2019 Bond or any Collateral Documents.

(c) Borrowing Legal and Authorized. The adoption of this Supplemental Resolution, the execution and delivery of the Series 2019 Bond and the Collateral Documents and the consummation of the transactions provided for in this Supplemental Resolution, the Series 2019 Bond and the Collateral Documents and compliance by the Borrower with the provisions of this Supplemental Resolution, the Series 2019 Bond and the Collateral Documents, to the knowledge of the Borrower:

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

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

(d) No Defaults. To the knowledge of the Borrower, no event has occurred and no condition exists that, upon execution and delivery of the Series 2019 Bond and the Collateral Documents, would constitute a default under this Supplemental Resolution or the Collateral Documents. To the knowledge of the Borrower, the Borrower is not in material violation of any term of any agreement, bond resolution, trust indenture, charter or other instrument to which it is a party or by which it or its property may be bound which violation would materially and adversely affect the transactions contemplated hereby or the compliance by the Borrower with the terms hereof or of the Series 2019 Bond and the Collateral Documents.

(e) Governmental Consent. To the knowledge of the Borrower, the Borrower has obtained or made all permits, findings and approvals required to the date of adoption of this Supplemental Resolution by any governmental body or officer for the making and performance by the Borrower of its obligations under this Supplemental Resolution, the Series 2019 Bond and the Collateral Documents (including any necessary water rate increase) or for the 2019 Project, the financing or refinancing thereof or the reimbursement of the Borrower for costs thereof. To the knowledge of the Borrower, no consent, approval or authorization of, or filing, registration or qualification with, any governmental authority (other than those, if any, already obtained) is required on the part of the Borrower as a condition to adopting this Supplemental Resolution, issuing the Series 2019 Bond or entering into the Collateral Documents and the performance of the Borrower's obligations hereunder and thereunder. If a utility board or commission manages or controls the System, such board or commission has agreed with the DNRC to abide by the terms of this Supplemental Resolution and the Collateral Documents, including approving any necessary water rate increases.

(f) Binding Obligation. This Supplemental Resolution, the Series 2019 Bond and any Collateral Documents to which the Borrower is a party are the valid and binding special, limited obligations and agreements of the Borrower, enforceable against the Borrower in accordance with their terms except to the extent that the enforceability thereof may be limited by laws relating to bankruptcy, moratorium, reorganization, insolvency or similar laws affecting creditors' rights and general principles of equity.

(g) The 2019 Project. The 2019 Project consists and will consist of the facilities, improvements and activities described in Appendix A, as such Appendix A may be amended from time to time in accordance with Article III of this Supplemental Resolution. The 2019 Project comprises facilities of a type that, as determined by the EPA, will facilitate compliance with the national primary Drinking Water regulations applicable to the System or will otherwise significantly further the health protection objectives of the Safe Drinking Water Act.

(h) The System. The System is a "community water system" within the meaning of the Act and the Safe Drinking Water Act in that it is a public water system, comprising collection, treatment, storage and distribution facilities for the provision to the public of water for human consumption, that serves not less than 15 service connections used by year-round residents of the area served by the System or regularly serves not less than 25 year-round residents.

(i) Full Disclosure. There is no fact that the Borrower has not specifically disclosed in writing to the DNRC that materially and adversely affects or (so far as the Borrower can now foresee), except for pending or proposed legislation or regulations that are a matter of general public information, that will materially and adversely affect the properties, operations and finances of the System, the Borrower's status as a Public Entity and Governmental Unit, its ability to own and operate the System in the manner currently operated or the Borrower's ability to perform its obligations under this Supplemental Resolution, the Series 2019 Bond and the Collateral Documents and to pledge any revenues or other property pledged to the payment of the Series 2019 Bond.

(j) Compliance With Law. To the knowledge of the Borrower, it:

(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 its 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 Borrower to conduct the operation of the System as presently conducted or the condition (financial or otherwise) of the System or the Borrower's ability to perform its obligations under this Supplemental Resolution, the Series 2019 Bond and the Collateral Documents.

Section 2.3. Covenants.

(a) Insurance. In addition to the requirements of the Amended and Restated Resolution, the Borrower at all times shall keep and maintain with respect to the System 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 Borrower and similarly situated and shall carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for all such insurance. All such insurance policies shall name the DNRC as an additional insured to the extent permitted under the policy or program of insurance or risk coverage of the Borrower. Each policy must provide that it cannot be cancelled by the insurer without giving the Borrower and the DNRC 30 days' prior written notice. The Borrower shall give the DNRC prompt notice of each insurance policy it obtains or maintains to comply with this section and of each renewal, replacement, change in coverage or deductible under or amount of or cancellation of each such insurance policy and the amount and coverage and deductibles and carrier of each new or replacement policy. Such notice shall specifically note any adverse change as being an adverse change. The Borrower shall deliver to the DNRC at Closing a certificate providing the information required by this section. To the extent that the Borrower has risk coverage from the Montana Municipal Interlocal Authority ("MMIA") and includes the System on the Borrower's schedule of property to be coverage by MMIA, then such risk coverage shall be deemed to be acceptable insurance for the DNRC.

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

(c) Further Assurance. The Borrower shall execute and deliver to the DNRC all such documents and instruments and do all such other acts and things as may be necessary or required by the DNRC to enable the DNRC to exercise and enforce its rights under this Supplemental Resolution, the Series 2019 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 Supplemental Resolution, the Series 2019 Bond and the Collateral Documents.

(d) Maintenance of Security; Recordation of Interest.

(i) The Borrower shall, at its expense, take all necessary action to maintain and preserve the lien and security interest of this Supplemental Resolution and the Collateral Documents so long as any amount is owing under this Supplemental Resolution or the Series 2019 Bond;

(ii) The Borrower shall forthwith, after the execution and delivery of the Series 2019 Bond and thereafter from time to time, cause this Supplemental 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 Supplemental 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; and

(iii) Except to the extent it is exempt therefrom, the Borrower 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), 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 2019 Bond and the Collateral Documents and the documents described in subparagraph (ii).

(e) Additional Agreements. The Borrower covenants to comply with all representations, covenants, conditions and agreements, if any, set forth in Appendix C hereto.

(f) Financial Information. This Section 2.3(f) supplements, and is not intended to limit, the requirements in the Amended and Restated Resolution. The Borrower agrees that for each fiscal year it shall furnish to the DNRC and the DEQ, promptly when:

(i) the budget for the System, with items for the 2019 Project shown separately; and

(ii) when adopted, the final budget for the System, with items for the 2019 Project shown separately.

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

(h) Records. After reasonable notice from the EPA or the DNRC, the Borrower shall make available to the EPA or the DNRC such records as the EPA or the DNRC reasonably requires to review and determine compliance with the Safe Drinking Water Act, as provided in Section 75-5-1113(l)(d) of the State Act.

(i) Compliance with Safe Drinking Water Act. The Borrower has complied and shall comply with all conditions and requirements of the Safe Drinking Water Act pertaining to the 2019 Loan and the 2019 Project and shall maintain sufficient financial, managerial and technical capability to continue to effect such compliance.

(j) Compliance with DEQ Requirements. The Borrower shall comply with plan, specification and other requirements for public water systems established by the DEQ, as required by Section 75-5-1113(l)(g) of the Act.



Section 2.4. Covenants Relating to the Tax-Exempt Status of the State Bonds.

(a) The Borrower covenants and agrees that it will not use or permit to be used any of the proceeds of the Series 2019 Bond or any other funds of the Borrower in respect of the 2019 Project or the Series 2019 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 Code or would otherwise cause the interest on the State Bonds to be included in gross income for purposes of federal income taxation.

(b) The Borrower agrees that it will not enter into, or allow any “related person” (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the State Bonds or any other obligations of the DNRC in an amount related to the amount of the 2019 Loan or the portion of the 2019 Loan derived directly or indirectly from proceeds of the State Bonds or that would otherwise cause any State Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code.

(c) The Borrower shall not use or permit the use of the 2019 Project directly or indirectly in any trade or business carried on by any Person who is not a Governmental Unit. For the purpose of this subparagraph, use as a member of the general public (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 2019 Project being refinanced or the cost of which is being reimbursed was acquired by and is now and shall, during the term of the 2019 Loan, be owned by the Borrower and not by any other Person. Any portion of the 2019 Project being financed shall be acquired by and shall, during the term of the 2019 Loan, be owned by the Borrower and not by any other Person. Notwithstanding the previous two sentences, the Borrower may transfer the 2019 Project or a portion thereof to another Governmental Unit which is also a Public Entity if such transfer is otherwise permitted under the Amended and Restated Resolution and if such organization agrees with the DNRC to comply with Section 2.3(h), Section 2.3(i) and Section 2.4 of this Supplemental Resolution and if the DNRC receives an Opinion of Bond Counsel that such transfer will not violate the State Act or the Safe Drinking 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 Amended and Restated Resolution or in any Collateral Documents, the Borrower may sell or otherwise dispose of any portion of the 2019 Project which has become obsolete or outmoded or is being replaced or for other reasons is not needed by the Borrower or beneficial to the general public or necessary to carry out the purposes of the Safe Drinking Water Act.

(e) At the Closing of the 2019 Loan, the DNRC will, if necessary to obtain the Opinion of Bond Counsel described in Section 7.05(a) of the Indenture, deliver to the Borrower instructions concerning compliance by the Borrower with the arbitrage rebate requirements of Section 148 of the Code (the “Arbitrage Rebate Instructions”). The Borrower shall comply with the Arbitrage Rebate Instructions, if any, delivered to it by the DNRC at Closing, as such Instructions may be amended or replaced by the DNRC from time to time. The Arbitrage Rebate Instructions may be amended or replaced by new Arbitrage Rebate Instructions delivered by the DNRC and accompanied by an Opinion of Bond Counsel to the effect that the use of said amended or new Arbitrage Rebate Instructions will not adversely affect the excludability of interest on the State Bonds or any Additional State Bonds (except State Bonds the interest on which the State did not intend to be excluded from gross income for federal income tax purposes) from gross income of the recipients thereof for federal income tax purposes.

(f) The Borrower agrees that during the term of the 2019 Loan it will not contract with or permit any Private Person to manage the 2019 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 Safe Drinking Water Act or adversely affect the exclusion of interest on State Bonds from gross income or purposes of federal income taxation.

(g) The Borrower may not lease the 2019 Project or any portion thereof to any Person other than a Nonexempt Person which agrees in writing with the Borrower and the State not to cause any default to occur under the Amended and Restated Resolution; provided the Borrower may lease all or any portion of the 2019 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 Borrower shall not change the use or nature of the 2019 Project if (i) such change will violate the Safe Drinking 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 2.5. Maintenance of System; Liens. The Borrower shall maintain the System, including the 2019 Project, in good condition and make all necessary renewals, replacements, additions, betterments and improvements thereto. The Borrower shall not grant or permit to exist any lien on the 2019 Project or any other property making up part of the System, other than liens securing Debt where a parity or senior lien secures the Series 2019 Bond; provided that this Section 2.5. shall not be deemed to be violated if a mechanic's or contractor's lien is filed against any such property so long as the Borrower uses its best efforts to obtain the discharge of such lien and promptly reports to the DNRC the filing of such lien and the steps it plans to take and does take to discharge of such lien.

Section 2.6. Maintenance of Existence; Merger. Consolidation. Etc.; Disposition of Assets. The Borrower shall maintain its corporate existence, except that it may consolidate with or merge into another Governmental Unit or permit one or more Governmental Units to consolidate with or merge into it or may transfer all or substantially all of its assets to another Governmental Unit and then dissolve if the surviving, resulting or transferee entity (if other than the Borrower) (i) is a Public Entity and (ii) assumes in writing all of the obligations of the Borrower under this Supplemental Resolution, the Series 2019 Bond and the Collateral Documents, and (a) such action does not result in any default in the performance or observance of any of the terms, covenants or agreements of the Borrower under this Supplemental Resolution, the Series 2019 Bond and the Collateral Documents, (b) such action does not violate the State Act or the Safe Drinking Water Act and does not adversely affect the exclusion of interest on the Series 2019 Bond or the State Bonds from gross income for federal income tax purposes and (c) the Borrower delivers to the DNRC on the date of such action an Opinion of Bond Counsel that such action complies with this Section 2.6.

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

**ARTICLE III****USE OF PROCEEDS; THE 2019 PROJECT**

Section 3.1. Use of Proceeds. The Borrower shall apply the proceeds of the 2019 Loan solely as follows:

(a) The Borrower shall apply the proceeds of the 2019 Loan solely to the financing, refinancing or reimbursement of costs of the 2019 Project as set forth in Appendix A hereto and this Section 3.1 and to pay costs of issuance of the Series 2019 Bond. The 2019 Loan will be disbursed in accordance with Article IV hereof and Article VII of the Indenture. If the 2019 Project has not been completed prior to Closing, the Borrower shall, as quickly as reasonably possible, complete the 2019 Project and expend proceeds of the 2019 Loan to pay costs of completing the 2019 Project.

(b) No portion of the proceeds of the 2019 Loan shall be used to reimburse the Borrower for costs paid prior to the date of adoption of this Supplemental Resolution or a Project the construction or acquisition of which occurred or began earlier than March 7, 1985. In addition, if any proceeds of the 2019 Loan are to be used to reimburse the Borrower for Project costs paid prior to the date of adoption of this Supplemental Resolution, the Borrower shall have complied with Section 1.150-2 of the Regulations in respect of such costs.

(c) Any Debt to be refinanced with proceeds of the 2019 Loan that was incurred after March 7, 1985, or with respect to a Project the construction or acquisition of which began after March 7, 1985. No proceeds of the 2019 Loan shall be used for the purpose of refinancing an obligation the interest on which is exempt from federal income tax or excludable from gross income for purposes of federal income taxation unless the DNRC has received an Opinion of Bond Counsel, satisfactory to it, to the effect that such refinancing will not adversely affect the exclusion of interest on the State Bonds from gross income for purposes of federal income taxation.

Section 3.2. The 2019 Project. Set forth in Appendix A to this Supplemental Resolution is a description of the 2019 Project, which describes the property which has been or is to be acquired, installed, constructed or improved and the other activities, if any, to be funded from the 2019 Loan (the 2019 Project may consist of more than one facility or activity), and an estimated budget relating to the 2019 Project. The 2019 Project may be changed and the description thereof in Appendix A may be amended from time to time by the Borrower but only after delivery to the DNRC of the following:

(a) a certificate of the Borrower setting forth the amendment to Appendix A and stating the reason therefor, including statements as to whether the amendment would cause an increase or decrease in the cost of the 2019 Project or an increase or decrease in the amount of proceeds of the 2019 Loan which will be required to complete the 2019 Project and whether the change will materially accelerate or delay the construction schedule for the 2019 Project;

(b) a written consent to such change in the 2019 Project by an Authorized DNRC Officer; and

(c) an Opinion of Bond Counsel stating that the 2019 Project, as constituted after such amendment, is, and was at the time the State Bonds were issued, eligible for financing under the Act and is, and was at the time the Series 2019 Bond were issued, eligible for financing under the Enabling Act, such amendment will not violate the Act or the Enabling Act and such

amendment will not adversely affect the exclusion of interest on the State Bonds or the Series 2019 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 Borrower acknowledges and agrees that an increase in the principal amount of the 2019 Loan may be made only upon an application to the DEQ, the DNRC and the Trustee, in such form as the DEQ shall specify, which is approved by the DEQ and the DNRC, in their sole and absolute discretion, and adoption by the governing body of the Borrower of a Supplemental Resolution authorizing the additional loan and delivery of written certifications by officers of the Borrower to the DEQ, the DNRC and the Trustee to the effect that all representations and covenants contained in this Supplemental Resolution as it may be so amended or supplemented are true as of the date of closing of the additional loan and compliance with applicable tests for the incurrence of such debt. No assurance can be given that any additional loan funds will be available under the Program at the time of any such application. The Borrower acknowledges and agrees that neither the DEQ, the DNRC, the Trustee nor any of their agents, employees or representatives shall have any liability to the Borrower and have made no representations to the Borrower as to the sufficiency of the 2019 Loan to pay costs of the 2019 Project or as to the availability of additional funds under the Program to increase the principal amount of the 2019 Loan.

Section 3.3. 2019 Project Representations and Covenants. The Borrower hereby represents to and covenants with the DNRC that:

- (a) all construction of the 2019 Project has complied and will comply with all federal and state standards, including, without limitation, EPA regulations;
- (b) all future construction of the 2019 Project, if any, will be done only pursuant to fixed price construction contracts. The Borrower shall obtain a performance and payment bond from the contractor for each construction contract in the amount of 100% of the construction price and ensure that such bond is maintained until construction is completed to the Borrower's, the DNRC's and the DEQ's satisfaction;
- (c) all future construction of the 2019 Project 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) all laborers and mechanics employed by contractors and subcontractors on the 2019 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;
- (e) the iron and steel products used in the 2019 Project comply with the "American Iron and Steel" requirements of Section 436 of the Consolidated Appropriations Act of 2018 (P.L. 113-76), as those requirements are further interpreted by applicable EPA guidance;
- (f) to the Borrower's knowledge, the 2019 Project is a project of the type permitted to be financed under the State Act, the Enabling Act and the Program and Section 1452 of the Safe Drinking Water Act; and
- (g) the Borrower has completed the 2019 Project.

Section 3.4. Completion or Cancellation or Reduction of Costs of the 2019 Project.

(a) Promptly after issuance of the Series 2019 Bond, the Borrower shall deliver to the DNRC a certificate stating that the 2019 Project is complete and stating the amount, if any, of the Undisbursed Committed Amount. If Appendix A describes two or more separate projects as making up the 2019 Project, a separate completion certificate shall be delivered for each.

(b) If all or any portion of the 2019 Project is cancelled or cut back or its costs are reduced or for any other reason the Borrower will not require the full Committed Amounts, the Borrower shall promptly notify the DNRC in writing of such fact and the amount of the Undisbursed Committed Amount.

**ARTICLE IV**

**THE LOAN**

Section 4.1. The Loan; Disbursement of Loan.

(a) The DNRC has agreed to lend to the Borrower, from time to time as the requirements of this Section 4.1 are met, an amount up to \$5,700,000 (the “Committed Amount”) for the purposes of financing, refinancing or reimbursing the Borrower for costs of the 2019 Project and paying costs of issuance of the Series 2019 Bond; provided the DNRC shall not be required to disburse any proceeds of the 2019 Loan after December 31, 2020. The Committed Amounts may be reduced as provided in Sections 3.2 and 3.4.

(b) The DNRC intends to disburse the 2019 Loan through the Trustee. In consideration of the issuance of the Series 2019 Bond by the Borrower, the DNRC shall make, or cause the Trustee to make, a disbursement of all or a portion of the 2019 Loan upon receipt of the following documents:

(i) an Opinion of Bond Counsel as to the validity and enforceability of the Series 2019 Bond and the security therefor and stating in effect that interest on the Series 2019 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 2019 Bond, fully executed and authenticated;

(iii) a certified copy of the Amended and Restated Resolution and this Supplemental Resolution;

(iv) any other security instruments or documents required by the DNRC or DEQ as a condition to their approval of the 2019 Loan;

(v) if all or part of a Loan is being made to refinance a Project or reimburse the Borrower for costs of a Project paid prior to the Closing, evidence, satisfactory to the DNRC and the Bond Counsel referred to in subparagraph (1) above, (A) that the acquisition or construction of the Project was begun no earlier than March 7, 1985 or the debt was incurred no earlier than March 7, 1985, (B) of the Borrower’s title to the Project, (C) of costs of such Project and that such costs have been paid by the Borrower and (D) if such costs were paid before adoption of this Supplemental Resolution that the Borrower has complied with Section 1.150-2 of the Regulations;

(vi) the items required by the Indenture for the portion of the 2019 Loan to be disbursed at Closing; and

(vii) such other certificates, documents and other information as the DNRC, the DEQ or the Opinion of Bond Counsel referred to in subparagraph (1) may require (including any necessary arbitrage rebate instructions).

(c) In order to obtain a disbursement of a portion of the 2019 Loan to pay costs of the 2019 Project, the Borrower shall submit to the DNRC and the Trustee a signed request for disbursement on the form prescribed by the DNRC, with all attachments required by such form. The Borrower may obtain disbursements only for costs which have been legally incurred and are due and payable. All Loan disbursements will be made to the Borrower only upon proof that cost was incurred.

(d) Provided that the EPA Capitalization Grant is available to the Program, from and after the 2019 First Advance, the 2019 Loan shall be disbursed, subject to the other terms and conditions of this Supplemental Resolution.

(e) The Borrower shall not be entitled to, and the DNRC shall have no obligation to make, the 2019 First Advance or any subsequent advance of any amounts under the 2019 Loan until such time as the Borrower shall have funded the Reserve Account in an amount then required to satisfy the Reserve Requirement.

(f) The Borrower shall submit the request for the 2019 First Advance in the form required by the DNRC so that it is received in sufficient time for the DNRC to process the information by the date desired by the Borrower for the making of the 2019 First Advance.

(g) For refinancings, a disbursement schedule complying with the requirements of the Safe Drinking Water Act shall be established by the DNRC and the Borrower at Closing.

(h) If all or a portion of the 2019 Loan is made to reimburse a Borrower for Project costs paid by it prior to Closing, the Borrower shall present at Closing the items required by Section 4.1(b) relating to such costs. The Trustee shall disburse such amounts to the Borrower pursuant to a disbursement schedule complying with the requirements of the Safe Drinking Water Act established by the DNRC and the Borrower at the Closing.

(i) Notwithstanding anything herein to the contrary, the Trustee shall not be obligated to disburse the 2019 Loan any faster or to any greater extent than it has available EPA Capitalization Grants, 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 Borrower acknowledges that if Project costs are incurred faster than the Borrower projected at Closing, there may be delays in making 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 reasonable best efforts to obtain an acceleration of such schedule if necessary.

(j) Upon making each 2019 Loan disbursement, the Trustee shall note such disbursement on Schedule A to the Series 2019 Bond. At Closing, Schedule A to the Series 2019 Bond shall note the 2019 First Advance.

(k) The Borrower agrees that it will deposit in the Reserve Account upon receipt thereof, on the date of the 2019 First Advance and any subsequent disbursement dates, any proceeds of the 2019

Loan borrowed for the purpose of increasing the balance in the Reserve Account to the Reserve Requirement. The Borrower further acknowledges and agrees that any portion of the 2019 Loan representing capitalized interest shall be advanced only on Payment Dates and shall be transferred by the Trustee on the Payment Date directly to the Debt Service Account. The amount of any such transfer shall be a credit against the interest payments due on the Series 2019 Bond and interest thereon shall accrue only from the date of transfer.

(l) Compliance by the Borrower with its representations, covenants and agreements contained in this Supplemental Resolution and the Collateral Documents shall be a further condition precedent to the disbursement of the 2019 Loan in whole or in part. The DNRC and the Trustee, in their sole and absolute discretion, may make one or more disbursements, in whole or in part, notwithstanding such noncompliance, and without liability to make any subsequent disbursement of the 2019 Loan.

Section 4.2. Commencement of Loan Term. The Borrower's obligations under this Supplemental Resolution and the Collateral Documents shall commence on the date hereof unless otherwise provided in this Supplemental Resolution. However, the obligation to make payments under Article V hereof shall commence only upon the first disbursement by the Trustee of the 2019 First Advance.

Section 4.3. Termination of Loan Term. The Borrower's obligations under this Supplemental Resolution and the Collateral Documents in respect of the Series 2019 Bond shall terminate upon payment in full of all amounts due under the Series 2019 Bond and this Supplemental Resolution; provided, however, that the covenants and obligations provided in Article VI and Section 10.3 of this Supplemental Resolution shall survive the termination of the Amended and Restated Resolution.

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

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## ARTICLE V

### REPAYMENT OF 2019 LOAN

Section 5.1. Repayment of 2019 Loan. The Borrower shall repay the amounts borrowed by it pursuant to Section 4.1 in accordance with this Section 5.1.

5.1.1. Interest and Surcharges. The 2019 Loan shall bear interest at the rate of two percent (2.00%) per annum and the Borrower shall pay the Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the outstanding principal amounts of the 2019 Loan, each at the rate of twenty-five hundredths of one percent (0.25%) per annum. For purposes of this Supplemental Resolution and the Program, the term “interest on the 2019 Loan” when not used in conjunction with a reference to any surcharges, shall include the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge, if applicable. The Borrower shall pay all Loan Repayments and surcharges 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.

5.1.2. Details Regarding 2019 Loan Repayments. Upon each disbursement of the 2019 Loan to the Borrower pursuant to Section 4.1 hereof, the Trustee shall enter or cause to be entered the amount advanced on Schedule A to the Series 2019 Bond under “Advances” and the total amount advanced under Section 4.1, including such disbursement, under “Total Amount Advanced.” Loan Repayments and the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge on the 2019 Loan accrue on each such advance from the date of disbursement and shall be due and payable on the dates and in the amounts shown in Schedule B to the Series 2019 Bond, as such Schedule B shall be modified from time to time as provided in Section 5.1.2 and below. The portion of each such Loan Repayment consisting of principal, of interest, of Administrative Expense Surcharge and of Loan Loss Reserve Surcharge shall be set forth in Schedule B to the Series 2019 Bond.

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

Any payment of principal and interest as to the Series 2019 Bond and the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge as to the Series 2019 Bond under this Section 5.1 shall be credited against the same payment obligation under the Series 2019 Bond.

Section 5.2. Additional Payments. The Borrower shall also pay, within 30 days after receipt of a bill therefor, from any legally available funds therefor, including proceeds of the 2019 Loan, all reasonable expenses of the DNRC and the Trustee in connection with the 2019 Loan, the Collateral Documents and the Series 2019 Bond, including, but not limited to:

- (a) the cost of reproducing this Supplemental Resolution, the Collateral Documents and the Series 2019 Bond;
- (b) the fees and disbursements of Bond Counsel and other Counsel utilized by the DNRC and the Trustee in connection with the 2019 Loan, this Supplemental Resolution, the Collateral Documents and the Series 2019 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 2019 Bond, whether or not the Series 2019 Bond are 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 2019 Bond,



the Collateral Documents and this Supplemental Resolution (and with the exceptions noted therein) and all expenses, including attorneys' fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the provisions hereof or thereof.

Section 5.3. Prepayments. The Borrower may not prepay all or any part of the outstanding principal amount of the Series 2019 Bond unless (i) it obtains the prior written consent of the DNRC thereto, and (ii) no Loan Repayment or Administrative Expense Surcharge or Loan Loss Reserve Surcharge is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal prepaid. If the Series 2019 Bond are prepaid in part pursuant to this Section 5.3, such prepayments shall be applied to principal payments in inverse order of maturity.

Section 5.4. Obligations of Borrower Unconditional. The obligations of the Borrower to make the payments required by this Supplemental Resolution and the Series 2019 Bond and to perform its other agreements contained in this Supplemental Resolution, the Series 2019 Bond and Collateral Documents shall be absolute and unconditional, except as otherwise provided herein or in such documents. The Borrower (a) shall not suspend or discontinue any payments provided for in this Supplemental Resolution and the Series 2019 Bond, (b) shall perform all its other agreements in this Supplemental Resolution, the Series 2019 Bond and the Collateral Documents and (c) shall not terminate this Supplemental Resolution, the Series 2019 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 2019 Project or the System, commercial frustration of purpose, any dispute with the DNRC or the EPA, any change in the laws of the United States or of the State or any political subdivision thereof 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 Supplemental Resolution.

Section 5.5. Limited Liability. All payments of principal of and interest on the 2019 Loan and other payment obligations of the Borrower hereunder and under the Series 2019 Bond shall be special, limited obligations of the Borrower payable with respect to the Series 2019 Bond solely out of the Net Revenues and shall not, except at the option of the Borrower and as permitted by law, be payable out of any other revenues of the Borrower. The obligations of the Borrower under this Supplemental Resolution and the Series 2019 Bond shall never constitute an indebtedness of the Borrower 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 Borrower or a charge against its general credit or taxing power. The taxing powers of the Borrower may not be used to pay principal of or interest on the Series 2019 Bond, no funds or property of the Borrower other than the Net Revenues may be required to be used to pay principal of or interest on the Series 2019 Bond.

## ARTICLE VI

### INDEMNIFICATION OF DNRC AND DEQ

The Borrower 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 Borrower or its employees, officers, agents, contractors, subcontractors, or consultants in connection with or with regard or in any way relating to the condition, use, possession, conduct, management, planning, design, acquisition, construction, installation or financing of the 2019 Project. The Borrower 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 Borrower shall, upon notice from an Indemnified Party, defend such proceeding on behalf of the Indemnified Party.

## ARTICLE VII

### ASSIGNMENT

Section 7.1. Assignment by Borrower. The Borrower may not assign its rights and obligations under this Supplemental Resolution or the Bonds, except as provided in Section 6.3.

Section 7.2. Assignment by DNRC. The DNRC will pledge its rights under and interest in this Supplemental Resolution, the Bonds and the Collateral Documents (except to the extent otherwise provided in the Indenture) as security for the payment of the State Bonds and may further assign such interests to the extent permitted by the Indenture, without the consent of the Borrower.

Section 7.3. State Refunding Bonds. In the event the State Bonds are refunded by bonds which are not State Bonds, all references in this Supplemental Resolution to State Bonds shall be deemed to refer to such refunding bonds (together, the "Refunding Bonds") or, in the case of a crossover refunding, to the State Bonds and the Refunding Bonds. In the event the State Bonds are refunded by an issue of Additional State Bonds, all references in the Amended and Restated Resolution to the State Bonds shall be deemed to refer to such Additional State Bonds or, in the case of a crossover refunding, both the State Bonds and such Additional State Bonds.

## ARTICLE VIII

### THE SERIES 2019 BOND

Section 8.1. Net Revenues Available. The Borrower is authorized to charge just and equitable rates, charges and rentals for all services directly or indirectly furnished by the System, and to pledge and appropriate to the Series 2019 Bond the Net Revenues to be derived from the operation of the System, including improvements, betterments or extensions thereof hereafter constructed or acquired. The Net Revenues to be produced by such rates, charges and rentals during the term of the Series 2019 Bond are expected to be more than sufficient to pay the principal and interest when due on the Series 2019 Bond, and to create and maintain reasonable reserves therefor and to provide an adequate allowance for replacement and depreciation, as prescribed herein.

Section 8.2. Issuance and Sale of the Series 2019 Bond. The Commission has investigated the facts necessary and hereby finds, determines and declares it to be necessary and desirable for the Borrower to issue the Series 2019 Bond to evidence the 2019 Loan. The Series 2019 Bond are issued to the DNRC without public sale pursuant to Montana Code Annotated, Section 7-7-4433.

Section 8.3. Terms. The Series 2019 Bond shall be in the maximum principal amount equal to the original Committed Amount, 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 2019 Loan. The principal of and interest on the Series 2019 Bond and any Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be payable on the same dates and in the same amounts as Loan Repayments are payable. Advances of principal of the Series 2019 Bond shall be deemed made

when advances of the 2019 Loan are made under Section 4.1, and such advances shall be payable in accordance with Schedule B to the Series 2019 Bond, as it may be revised by the DNRC from time to time in accordance with Section 5.1. The Borrower may prepay the Series 2019 Bond, in whole or in part, only upon the terms and conditions under which it can prepay the 2019 Loan under Section 5.3.

Section 8.4. Negotiability, Transfer and Registration. The Series 2019 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, shall be dated the date of delivery. While so registered, principal of and interest on the Series 2019 Bond shall be payable to the DNRC at the Office of the Department of Natural Resources and Conservation, 1625 Eleventh Avenue, Helena, Montana 59620 or such other place as may be designated by the DNRC in writing and delivered to the Borrower. The Series 2019 Bond shall be negotiable, subject to the provisions for registration and transfer contained in this Section 8.4. No transfer of the Series 2019 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 2019 Bond, and (2) the Chief Financial Officer of the Borrower or successors, as bond registrar (the “Registrar”), has duly noted the transfer on the Series 2019 Bond and recorded the transfer on the registration books of the Registrar. The Registrar may, prior to noting and recording the transfer, require appropriate proof of the transferor’s authority and the genuineness of the transferor’s signature. The Borrower shall be entitled to deem and treat the Person in whose name the Series 2019 Bond is registered as the absolute owner of the Series 2019 Bond for all purposes, notwithstanding any notice to the contrary, and all payments to the registered holder shall be valid and effectual to satisfy and discharge the Borrower’s liability upon such Series 2019 Bond to the extent of the sum or sums so paid.

Section 8.5. Execution and Delivery. The Series 2019 Bond shall be executed on behalf of the Borrower by the manual signatures of the Mayor, City Manager, and the Clerk of the Commission. Any or all of such signatures may be affixed at or prior to the date of delivery of the Series 2019 Bond. In the event that any of the officers who shall have signed the Series 2019 Bond shall cease to be officers of the Borrower before the Series 2019 Bond are issued or delivered, their signatures shall remain binding upon the Borrower. Conversely, the Series 2019 Bond may be signed by an authorized official who did not hold such office on the date of adoption of this Supplemental Resolution. The Series 2019 Bond shall be delivered to the DNRC, or its attorney or legal representative.

Section 8.6. Form. The Series 2019 Bond shall be prepared in substantially the form attached as Appendix B.

**ARTICLE IX**

**[RESERVED]**

**ARTICLE X**

**TAX MATTERS**

Section 10.1. Use of Project and System. The 2019 Project and the System will be owned and operated by the Borrower and available for use by members of the general public on a substantially equal basis. The Borrower shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the 2019 Project or the System or security for the payment of the Series 2019 Bond which might cause the Series 2019 Bond to be considered a “private activity bond” or “private loan bond” within the meaning of Section 141 of the Code.

Section 10.2. General Covenant. The Borrower covenants and agrees with the owners from time to time of the Series 2019 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 2019 Bond to become includable in gross income for federal income tax purposes under the Code and the Regulations, and covenants to take any and all actions within its powers to ensure that the interest on the Series 2019 Bond will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

Section 10.3. Arbitrage Certification. The Mayor, City Manager, and Chief Financial Officer being the officers of the Borrower charged with the responsibility for issuing the Series 2019 Bond pursuant to this Supplemental 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 issue and delivery of the Series 2019 Bond, it is reasonably expected that the proceeds of the Series 2019 Bond will be used in a manner that would not cause the Series 2019 Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code and the Regulations.

Section 10.4. Arbitrage Rebate. The Borrower acknowledges that the Series 2019 Bond is subject to the rebate requirements of Section 148(f) of the Code. The Borrower 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 Treasury Regulations to preserve the exclusion of interest on the Series 2019 Bond from gross income for federal income tax purposes, unless the Series 2019 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 2019 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 Mayor, City Manager, and Chief Financial Officer are hereby authorized and directed to execute a rebate or tax certificate with respect to the Series 2019 Bond, substantially in the form to be prepared by Bond Counsel, and the Borrower hereby covenants and agrees to observe and perform the covenants and agreements contained therein, unless amended or terminated in accordance with the provisions thereof.

Section 10.5 Information Reporting. The Borrower shall file with the Secretary of the Treasury, not later than November 15, 2019, a statement concerning the Series 2019 Bond containing the information required by Section 149(e) of the Code.

## ARTICLE XI

### CONTINUING DISCLOSURE

The Borrower understands and acknowledges that the DNRC is acquiring the Series 2019 Bond under the Program pursuant to which the State issues from time to time State Bonds to provide funds therefor. The Borrower covenants and agrees that, upon written request of the DNRC from time to time, the Borrower will promptly provide to the DNRC all information that the DNRC reasonably determines to be necessary or appropriate to offer and sell State Bonds or to provide continuing disclosure in respect of State Bonds, whether under Rule 15c2-12 (17 C.F.R. § 240.15c2-12) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or otherwise. Such information shall include, among other things and if so requested, financial statements of the Borrower prepared in accordance with governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Montana law, as in effect from time to time

(such financial statements to relate to a fiscal year or any period therein for which they are customarily prepared by the Borrower, and, if for a fiscal year and so requested by the DNRC, subject to an audit report and opinion of an accountant or government auditor, as permitted or required by the laws of the State). The Borrower will also provide, with any information so furnished to the DNRC, a certificate of the Mayor and the City Manager of the Borrower to the effect that, to the best of their knowledge, such information does not include any untrue statement of a material fact or omit to state any material fact required to be stated therein to make the statements made, in light of the circumstances under which they are made, not misleading.

## ARTICLE XII

### MISCELLANEOUS

Section 12.1. Notices. All notices or other communications hereunder shall be sufficiently sent or given and shall be deemed sent or given when delivered or mailed by certified mail, postage prepaid, to the parties at the following addresses:

DNRC:	Department of Natural Resources and Conservation 1539 Eleventh Avenue P. O. Box 201801 Helena, Montana 59620-1601 Attn: Conservation and Resource Development Division
Trustee:	U.S. Bank National Association c/o Corporate Trust Services 1420 Fifth Avenue, 7th Floor Seattle, Washington 98101
Borrower:	City of Helena 316 North Park Avenue Helena, Montana 59623 Attn: Chief Financial Officer

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

Section 12.2. Binding Effect. This Supplemental Resolution shall inure to the benefit of and shall be binding upon the DNRC, the Borrower and their respective permitted successors and assigns.

Section 12.3. Severability. If any provision of this Supplemental Resolution shall be determined to be unenforceable at any time, it shall not affect any other provision of this Supplemental Resolution or the enforceability of that provision at any other time.

Section 12.4. Amendments. This Supplemental Resolution may not be effectively amended without the written consent of the DNRC.

Section 12.5. Applicable Law. This Supplemental Resolution shall be governed by and construed in accordance with the laws of the State.

Section 12.6. Captions; References to Sections. The captions in this Supplemental Resolution are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Supplemental Resolution. References to Articles and Sections are to the Articles and Sections of this Supplemental Resolution, unless the context otherwise requires.

Section 12.7. No Liability of Individual Officers, Directors, Trustees or Commission Members. No recourse under or upon any obligation, covenant or agreement contained in this Supplemental Resolution shall be had against any director, officer or employee, as such, past, present or future, of the DNRC, the DEQ or the Trustee, either directly or through the DNRC, the DEQ or the Trustee, or against any officer, or member of the governing body or employee of the Borrower, past, present or future, as an individual so long as such individual was acting in good faith. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officer or member of the governing body or employee of the DNRC, the Trustee or the Borrower is hereby expressly waived and released by the Borrower and by the DNRC as a condition of and in consideration for the adoption of this Supplemental Resolution and the making of the Loan.

Section 12.8. Payments Due on Holidays. If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Supplemental Resolution or the Series 2019 Bond, shall not be a Business Day, such payments may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Supplemental Resolution or the Series 2019 Bond.

Section 12.9. Right of Others to Perform Borrower's Covenants. In the event the Borrower shall fail to make any payment or perform any act required to be performed hereunder, then and in each such case the DNRC or the provider of any Collateral Document may (but shall not be obligated to) remedy such default for the account of the Borrower and make advances for that purpose. No such performance or advance shall operate to release the Borrower from any such default and any sums so advanced by the DNRC or the provider of any Collateral Document shall be paid immediately to the party making such advance and shall bear interest at the rate of ten percent per annum from the date of the advance until repaid. The DNRC and the provider of any Collateral Document shall have the right to enter the 2019 Project or the facility or facilities of which the 2019 Project is a part or any other facility which is a part of the System in order to effectuate the purposes of this Section.

Section 12.10. Authentication of Transcript. The officers of the Borrower are hereby authorized and directed to furnish to the DNRC and to Bond Counsel certified copies of all proceedings relating to the issuance of the Series 2019 Bond and such other certificates and affidavits as may be required to show the right, power and authority of the Borrower to issue the Series 2019 Bond, and all statements contained in and shown by such instruments, including any heretofore furnished, shall constitute representations of the Borrower as to the truth of the statements of fact purported to be shown thereby.

Section 12.11. Repeals and Effective Date.

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

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

PASSED AND ADOPTED by the City Commission of the City of Helena, Montana, this 12th day of August, 2019.

---

Its: Mayor

(SEAL)

Attest:

---

Its: Clerk of the Commission

## APPENDIX A

## DESCRIPTION OF THE PROJECT

The 2019 Project consists of designing, engineering, constructing, and replacing approximately five miles of water main between the City of Helena and the City's Tenmile Treatment Plant.

Estimated 2019 Project Budget

Completed By: City of Helena/Updated by DNRC			
City of Helena: Drinking Water Date: Dec 2018			
Administrative/ Finance Costs	Source: WRF-20447 \$5,700,000 2.5%	Source: City Funds	Total:
Personnel Costs			-
Office Costs			-
Professional Services			-
Legal Costs			-
Audit Fees			-
Travel & Training			-
Loan Reserves	181,832		181,832
Interim Interest			-
Bond Counsel & Related costs	10,000		10,000
<b>ADMIN/FINANCE COSTS:</b>	<b>191,832</b>	<b>-</b>	<b>191,832</b>
Planning			-
Engineering Basic		465,000	465,000
Engineering-Additional Services	22,262		22,262
Construction	5,054,606		5,054,606
Contingency	431,300		431,300
<b>ACTIVITY COSTS</b>	<b>5,508,168</b>	<b>465,000</b>	<b>5,973,168</b>
<b>TOTAL PROJECT COSTS</b>	<b>5,700,000</b>	<b>465,000</b>	<b>6,165,000</b>

Added \$210,208 to Construction to bring loan to \$5,700,000.



## APPENDIX B

[Form of the Series 2019 Bond]

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

**CITY OF HELENA  
WATER SYSTEM REVENUE BOND  
(DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM),  
SERIES 2019**

No. R-1

\$5,700,000

FOR VALUE RECEIVED, the City of Helena, Montana (the “Borrower”), a duly organized and existing municipal corporation in Lewis and Clark County, Montana, acknowledges itself to be specially indebted and 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 attached hereto under “Total Amount Advanced,” with interest on each such amount from the date such amount is advanced hereunder at the rate of two percent (2.00%) per annum on the unpaid balance until paid. In addition, the Borrower shall pay an Administrative Expense Surcharge and a Loan Loss Reserve Surcharge on the outstanding principal amount of this Series 2019 Bond, each at the rate of twenty-five hundredths of one percent (0.25%) 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 on January 1, 2020 and concluding on July 1, 2039. 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 attached 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 Borrower pursuant to the Resolution described below, the DNRC shall enter (or cause to be entered) the amount advanced on Schedule A under “Advances” and the total amount advanced under the Resolution (as hereinafter defined), including such disbursement, under “Total Amount Advanced.” The DNRC shall prepare Schedule B and 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, and the final Schedule B will reflect repayments under Section 5.1.2 of the Resolution. Schedule B shall be calculated and recalculated on a level debt service basis assuming an interest rate of 2.50% per annum. Past- due payments of principal and interest and 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 2019 Bond shall be made to the registered holder of this Series 2019 Bond, at its address as it appears on the Bond register, in lawful money of the United States of America.

This Series 2019 Bond is one of an issue of Water System Revenue Bonds of the Borrower authorized to be issued in one or more series from time to time, and constitutes a series in the maximum authorized principal amount of \$5,700,000 (the “Series 2019 Bond”). The Series 2019 Bond is issued to finance a portion of costs of the construction of certain improvements to the Water System of the Borrower (the “System”) and to pay costs of issuance of the Series 2019 Bond. The Series 2019 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, as amended, and ordinances and resolutions duly adopted by the governing body of the

Borrower, including Amended and Restated Resolution No. 20552 of the City adopted on August 12, 2019 (the "Original Resolution"), as amended and supplemented by a Resolution adopted on August 12, 2019 (the Original Resolution, as so amended and supplemented, the "Resolution"). Terms used with initial capital letters but not defined herein have the meanings given to them in the Resolution. The Series 2019 Bond is issuable only as a single, fully registered bond. The Series 2019 Bond is issued on a parity with the Borrower's outstanding Amended Bonds and Series 2016B Bond (as defined in the Resolution). The 2019 First Advance has been advanced at Closing.

Reference is made to the Resolution for a more complete statement of the terms and conditions upon which the Series 2019 Bond has been issued, the Net Revenues of the System 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 Amended Bonds, the Series 2016B Bond, this Series 2019 Bond, and any other parity Bond (collectively, the "Bonds") or otherwise, the conditions upon which the Resolution may be amended, the rights, duties and obligations of the Borrower, and the rights of the owners of the Series 2019 Bond.

The Borrower may prepay the principal of the Series 2019 Bond only if (i) it obtains the prior written consent of the DNRC thereto, and (ii) no Loan Repayment or Administrative Expense Surcharge or Loan Loss Reserve Surcharge is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal prepaid. If the Series 2019 Bond is prepaid in part, such prepayments shall be applied to principal payments in inverse order of maturity.

The Series 2019 Bond, including interest and any premium, are payable solely from the Net Revenues pledged for the payment hereof and do not constitute a debt of the Borrower within the meaning of any constitutional or statutory limitation or provision.

The Borrower may deem and treat the person in whose name this Series 2019 Bond is registered as the absolute owner hereof, whether this Series 2019 Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and the Borrower shall not be affected by any notice to the contrary. The Series 2019 Bond may be transferred as hereinafter provided.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Borrower has duly authorized and will forthwith construct and complete the improvements to the System hereinabove described, that it will prescribe and collect reasonable rates and charges for all services and facilities afforded by the System, including all additions thereto and replacements and improvements thereof, and has created a special Water System Fund into which the gross revenues of the System will be paid, and a separate and special Revenue Bond Account in that Water System Fund, into which will be paid each month, from and as a first and prior lien on the Net Revenues then on hand, an amount equal to not less than the sum of one-sixth of principal and the interest to become due within the next six months with respect to all Bonds payable semi-annually from the Revenue Bond Account; that the Borrower has created a Reserve Account in the Water System Fund into which shall be paid additional Net Revenues, after required credits to the Revenue Bond Account, sufficient to establish and maintain a reserve therein equal to, as of the date of calculation, the Reserve Requirement; that the Revenue Bond Account will be used only to pay the principal of, premium, if any, and interest on the Amended Bonds, the Series 2019 Bond and any other additional Bonds issued pursuant to the Resolution on a parity therewith; that the rates and charges for the System will from time to time be made and kept sufficient, to provide gross income and revenues adequate to pay promptly the reasonable and current expenses of operating and maintaining the System and to produce in each fiscal year Net Revenues in excess of such current expenses, equal to at least 110% of the maximum amount of principal and interest payable from the Revenue Bond Account in any subsequent fiscal year; that additional Bonds and refunding Bonds may be issued and made payable from the Revenue Bond Account on a parity with the Amended Bonds, the Series 2016B Bond, the Series 2019 Bond and other parity Bonds upon certain

conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues of the System, unless the lien thereof shall be expressly made subordinate to the lien of the Amended Bonds, the Series 2016B Bond, the Series 2019 Bond and additional parity Bonds on such Net Revenues and such obligations are payable only from Surplus Net; that all provisions for the security of the holder of this Series 2019 Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the ordinances and resolutions of the Borrower to be done, to exist, to happen and to be performed in order to make this Series 2019 Bond a valid and binding special obligation of the Borrower according to its terms have been done, do exist, have happened and have been performed as so required; and that this Series 2019 Bond and the premium, if any, and interest hereon are payable solely from the Net Revenues of the System pledged and appropriated to the Revenue Bond Account and do not constitute a debt of the Borrower within the meaning of any constitutional or statutory limitation or provision and the issuance of the Series 2019 Bond does not cause either the general or the special indebtedness of the Borrower to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City of Helena, Lewis and Clark County, Montana, by its City Commission, has caused this Series 2019 Bond to be executed on its behalf by the facsimile or manual signatures of the Mayor and City Manager and has caused this Series 2019 Bond to be dated as of the date set forth below.

Dated: \_\_\_\_\_, 2019

**CITY OF HELENA, MONTANA**

\_\_\_\_\_  
Mayor

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

ATTEST:

\_\_\_\_\_  
Clerk of the Commission

REGISTRATION AND TRANSFER

The Series 2019 Bond shall be fully registered as to both principal and interest. No transfer of the Bond shall be valid unless and until (1) the registered holder of the Series 2019 Bond, or his duly authorized attorney or legal representative, executes the form of assignment appearing on the Series 2019 Bond, and (2) the Chief Financial Officer of the Borrower as bond registrar (the "Registrar"), has duly noted the transfer on the Bond and recorded the transfer on the Registrar's registration books. The Borrower shall be entitled to deem and treat the person in whose name the Series 2019 Bond is registered as absolute owner thereof for all purposes, notwithstanding any notice to the contrary. Payments on account of the Series 2019 Bond shall be made only to the order of the registered holder thereof, and all such payments shall be valid and effectual to satisfy and discharge the Borrower's liability upon the Bond to the extent of the sum or sums so paid.

REGISTER

The ownership of the outstanding principal balance of the Series 2019 Bond and the interest accruing thereon is registered on the books of City of Helena, Montana in the name of the registered holder appearing on the first page hereof or as last noted below:

<u>Date of Registration</u> _____, 2019	<u>Name and Address of Registered Holder</u> Department of Natural Resources and Conservation 1625 Eleventh Avenue Helena, MT 59620	<u>Signature of Chief Financial Officer</u> _____
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THE FOLLOWING ENTRIES ARE TO BE MADE ONLY BY THE BOND REGISTRAR UPON REGISTRATION OF EACH TRANSFER

The Chief Financial Officer of the City of Helena, Montana, acting as Bond Registrar, has transferred, on the books of the Borrower, on the date last noted below, ownership of the principal amount of and the accrued interest on the Series 2019 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> _____ _____ _____ _____
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FORM OF ASSIGNMENT

For value received, the Series 2019 Bond is hereby transferred and assigned by the undersigned holder, without recourse,

to \_\_\_\_\_ on this \_\_\_\_\_ day  
of \_\_\_\_\_, \_\_\_\_\_.

By: \_\_\_\_\_  
(Authorized Signature)

For: \_\_\_\_\_  
(Holder)



SCHEDULE B  
GENERAL OBLIGATION BONDS  
DRINKING WATER  
(REVOLVING FUND PROGRAM)

[Attached]



WRF-20447

Preliminary Schedule

**GENERAL OBLIGATION BONDS  
DRINKING WATER  
(REVOLVING FUND PROGRAM)**

BORROWER: Helena

PROJECT NAME:		FINAL LOAN PAYMENT:	7/1/2039
LOAN COMMITMENT:	\$5,700,000	# OF LOAN PAYMENTS:	40
LOAN AMOUNT:	5,700,000	PROJECT NUMBER:	
INTEREST RATE:	2.50%	DATE OF FUNDING:	8/23/2019

	PAYMENT DUE	LOAN LOSS RESERVE	ADM EXPENSE SURCHARGE	INTEREST PAYMENT	PRINCIPAL PAYMENT	O/S LOAN BALANCE	TOTAL AMOUNT OF PAYMENT	
1	1/1/2020	5,066.67	5,066.67	40,533.33	111,000.00	5,589,000.00	\$161,666.67	\$161,666.67
2	7/1/2020	6,986.25	6,986.25	55,890.00	112,000.00	5,477,000.00	\$181,862.50	
3	1/1/2021	6,846.25	6,846.25	54,770.00	113,000.00	5,364,000.00	\$181,462.50	\$363,325.00
4	7/1/2021	6,705.00	6,705.00	53,640.00	115,000.00	5,249,000.00	\$182,050.00	
5	1/1/2022	6,561.25	6,561.25	52,490.00	116,000.00	5,133,000.00	\$181,612.50	\$363,662.50
6	7/1/2022	6,416.25	6,416.25	51,330.00	118,000.00	5,015,000.00	\$182,162.50	
7	1/1/2023	6,268.75	6,268.75	50,150.00	119,000.00	4,896,000.00	\$181,687.50	\$363,850.00
8	7/1/2023	6,120.00	6,120.00	48,960.00	121,000.00	4,775,000.00	\$182,200.00	
9	1/1/2024	5,968.75	5,968.75	47,750.00	122,000.00	4,653,000.00	\$181,687.50	\$363,887.50
10	7/1/2024	5,816.25	5,816.25	46,530.00	124,000.00	4,529,000.00	\$182,162.50	
11	1/1/2025	5,661.25	5,661.25	45,290.00	125,000.00	4,404,000.00	\$181,612.50	\$363,775.00
12	7/1/2025	5,505.00	5,505.00	44,040.00	127,000.00	4,277,000.00	\$182,050.00	
13	1/1/2026	5,346.25	5,346.25	42,770.00	128,000.00	4,149,000.00	\$181,462.50	\$363,512.50
14	7/1/2026	5,186.25	5,186.25	41,490.00	130,000.00	4,019,000.00	\$181,862.50	
15	1/1/2027	5,023.75	5,023.75	40,190.00	132,000.00	3,887,000.00	\$182,237.50	\$364,100.00
16	7/1/2027	4,858.75	4,858.75	38,870.00	133,000.00	3,754,000.00	\$181,587.50	
17	1/1/2028	4,692.50	4,692.50	37,540.00	135,000.00	3,619,000.00	\$181,925.00	\$363,512.50
18	7/1/2028	4,523.75	4,523.75	36,190.00	137,000.00	3,482,000.00	\$182,237.50	
19	1/1/2029	4,352.50	4,352.50	34,820.00	138,000.00	3,344,000.00	\$181,525.00	\$363,762.50
20	7/1/2029	4,180.00	4,180.00	33,440.00	140,000.00	3,204,000.00	\$181,800.00	
21	1/1/2030	4,005.00	4,005.00	32,040.00	142,000.00	3,062,000.00	\$182,050.00	\$363,850.00
22	7/1/2030	3,827.50	3,827.50	30,620.00	144,000.00	2,918,000.00	\$182,275.00	
23	1/1/2031	3,647.50	3,647.50	29,180.00	145,000.00	2,773,000.00	\$181,475.00	\$363,750.00
24	7/1/2031	3,466.25	3,466.25	27,730.00	147,000.00	2,626,000.00	\$181,662.50	
25	1/1/2032	3,282.50	3,282.50	26,260.00	149,000.00	2,477,000.00	\$181,825.00	\$363,487.50
26	7/1/2032	3,096.25	3,096.25	24,770.00	151,000.00	2,326,000.00	\$181,962.50	
27	1/1/2033	2,907.50	2,907.50	23,260.00	153,000.00	2,173,000.00	\$182,075.00	\$364,037.50
28	7/1/2033	2,716.25	2,716.25	21,730.00	155,000.00	2,018,000.00	\$182,162.50	
29	1/1/2034	2,522.50	2,522.50	20,180.00	157,000.00	1,861,000.00	\$182,225.00	\$364,387.50
30	7/1/2034	2,326.25	2,326.25	18,610.00	159,000.00	1,702,000.00	\$182,262.50	
31	1/1/2035	2,127.50	2,127.50	17,020.00	161,000.00	1,541,000.00	\$182,275.00	\$364,537.50
32	7/1/2035	1,926.25	1,926.25	15,410.00	163,000.00	1,378,000.00	\$182,262.50	
33	1/1/2036	1,722.50	1,722.50	13,780.00	165,000.00	1,213,000.00	\$182,225.00	\$364,487.50
34	7/1/2036	1,516.25	1,516.25	12,130.00	167,000.00	1,046,000.00	\$182,162.50	
35	1/1/2037	1,307.50	1,307.50	10,460.00	169,000.00	877,000.00	\$182,075.00	\$364,237.50
36	7/1/2037	1,096.25	1,096.25	8,770.00	171,000.00	706,000.00	\$181,962.50	
37	1/1/2038	882.50	882.50	7,060.00	173,000.00	533,000.00	\$181,825.00	\$363,787.50
38	7/1/2038	666.25	666.25	5,330.00	175,000.00	358,000.00	\$181,662.50	
39	1/1/2039	447.50	447.50	3,580.00	177,000.00	181,000.00	\$181,475.00	\$363,137.50
40	7/1/2039	226.25	226.25	1,810.00	181,000.00	0.00	\$183,262.50	\$183,262.50
		155,801.67	155,801.67	1,246,413.33	5,700,000.00		7,258,016.67	

APPENDIX C

ADDITIONAL AGREEMENTS, REPRESENTATIONS AND COVENANTS

none

DMNORTH #6796936 v4/077779.00/00321029