

RESOLUTION AUTHORIZING PARTICIPATION IN THE INTERCAP PROGRAM

CERTIFICATE OF MINUTES RELATING TO
RESOLUTION NO. 20140

Issuer: City of Helena

Kind, date, time and place of meeting: A regular meeting held on November 24, 2014 at 6 o'clock p.m. in Helena, Montana.

Members present: Mayor Smith and Commissioners Ellison, Elsaesser, Haladay and Haque-Hausrath

Members absent: NA

RESOLUTION NO. 20140

RESOLUTION AUTHORIZING PARTICIPATION IN THE BOARD OF INVESTMENTS OF THE STATE OF MONTANA ANNUAL ADJUSTABLE RATE TENDER OPTION MUNICIPAL FINANCE CONSOLIDATION ACT BONDS (INTERCAP REVOLVING PROGRAM), APPROVING THE FORM AND TERMS OF THE LOAN AGREEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO

I, the undersigned, being the fully qualified and acting recording officer of the public body issuing the obligations referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of the public body in my legal custody, from which they have been transcribed; that the documents are a correct and complete transcript of the minutes of a meeting of the governing body at the meeting, insofar as they relate to the obligations; and that the meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer this 24th day of November, 2014.

By Debbie Havens
Its Clerk of the Commission

RESOLUTIONS OF THE CITY OF HELENA, MONTANA

RESOLUTION NO. 20140

A RESOLUTION AUTHORIZING PARTICIPATION IN THE BOARD OF INVESTMENTS OF THE STATE OF MONTANA ANNUAL ADJUSTABLE RATE TENDER OPTION MUNICIPAL FINANCE CONSOLIDATION ACT BONDS (INTERCAP REVOLVING PROGRAM), APPROVING THE FORM AND TERMS OF THE LOAN AGREEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO (\$600,000.00 FOR THE BILL ROBERTS GOLF COURSE IRRIGATION PROJECT)

WHEREAS, the Montana Board of Investments (the "Board") has established an INTERCAP Revolving Program (the "Program") pursuant to which it issues tax-exempt bonds for the purpose of financing capital projects for Montana local government units; and

WHEREAS, the City of Helena applied for an INTERCAP loan for the purpose of financing the Bill Roberts Golf Course irrigation project, which application has been approved by the Board as a bond purchase by the Board of Investments; and

WHEREAS, the Board has required that the City evidence its intention to participate in the Program by executing and returning to the Board a Resolution authorizing participation in the Program that has been presented to and reviewed by the governing body; and

WHEREAS, the City of Helena is providing other funding for the golf course improvements and, as such, is required to approve participation in the INTERCAP Revolving Program; and

/

/

RESOLUTIONS OF THE CITY OF HELENA, MONTANA

Resol. No. 20140

WHEREAS, it appears to be in the best interests of the City of Helena and its citizens that the City Commission approve and authorize participation in the Program; and

WHEREAS, a public hearing was held on this matter on **November 24, 2014, at 6:00 p.m.** in the Commission Chambers at 316 North Park Avenue in Helena, Montana.

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

The Helena City Commission hereby adopts the following resolution:

ARTICLE I

DETERMINATIONS AND DEFINITIONS

Section 1.01. Definitions. The following terms will have the meanings indicated below for all purposes of this Resolution unless the context clearly requires otherwise. Capitalized terms used in this Resolution and not defined herein shall have the meanings set forth in the Loan Agreement.

Adjusted Interest Rate means the rate of interest on the Bonds determined in accordance with the provisions of Section 3.03 of the Indenture.

Authorized Representative shall mean the officers of the Borrower designated and duly empowered by the Governing Body and set forth in the application.

Board shall mean the Board of Investments of the State of Montana, a public body corporate organized and existing under the laws of the State and its successors and assigns.

RESOLUTIONS OF THE CITY OF HELENA, MONTANA

Resol. No. 20140

Board Act shall mean Section 2-15-1808, Title 17, Chapter 5, Part 16, MCA, as amended.

Bonds shall mean the Bonds issued by the Board pursuant to the Indenture to finance the Program.

Borrower shall mean the Borrower above named.

Indenture shall mean that certain Indenture of Trust dated March 1, 1991 by and between the Board and the Trustee pursuant to which the Bonds are to be issued and all supplemental indentures thereto.

Loan means the loan of money by the Board to the Borrower under the terms of the Loan Agreement pursuant to the Act and the Borrower Act and evidenced by the Note.

Loan Agreement means the Loan Agreement between the Borrower and the Board, including any amendment thereof or supplement thereto entered into in accordance with the provisions thereof and hereof.

Loan Agreement Resolution means this Resolution or such other form of resolution that the Board may approve and all amendments and supplements thereto.

Loan Date means the date of closing a Loan.

Loan Rate means the rate of interest on the Loan which is initially 1.00% per annum through February 15, 2015 and thereafter a rate equal to the Adjusted Interest Rate on the Bonds and up to 1.5% per annum as necessary to pay Program Expenses.

Note means the promissory note to be executed by the Borrower pursuant to the Loan Agreement, in accordance with the provisions hereof and thereof, in substantially the form set forth in the Promissory Note, or in such form that may be approved by the Board.

Program shall mean the INTERCAP Program of the Board pursuant to which the Board will issue and sell Bonds and use the proceeds to make loans to participating Eligible Government Units.

RESOLUTIONS OF THE CITY OF HELENA, MONTANA

Resol. No. 20140

Project shall mean those items of equipment, personal or real property improvements to be acquired, installed, financed or refinanced under the Program as set forth in the Description of the Project/Summary of Draws.

Trustee shall mean U.S. Bank National Association (formerly known as First Trust Company of Montana National Association) and its successors.

Section 1.02. Authority. The Borrower is authorized to undertake the Project and is further authorized by the Borrower Act to enter into the Loan Agreement for the purpose of obtaining a loan to finance or refinance the acquisition and installation costs of the Project.

Section 1.03. Execution of Agreement and Delivery of Note. Pursuant to the Indenture and the Board Act, the Board has issued and sold the Bonds and deposited a part of proceeds thereof in the Loan Fund held by the Trustee. The Board has, pursuant to the Term Sheet, agreed to make a Loan to the Borrower in the principal amount of \$600,000.00 and upon the further terms and conditions set forth herein, and as set forth in the Term Sheet and the Loan Agreement.

ARTICLE II

THE LOAN AGREEMENT

Section 2.01. Terms. (a) The Loan Agreement shall be dated as of the Loan Date, in the principal amount of \$600,000.00 and shall constitute a valid and legally binding obligation of the Borrower. The obligation to repay the Loan shall be evidenced by a Promissory Note. The Loan shall bear interest at the initial rate of 1.00% per annum through February 15, 2015 and thereafter at the Adjusted Interest Rate, plus up to 1.5% per annum as necessary to pay the cost of administering the Program (the Program Expenses). All payments may be made by check or wire transfer to the Trustee at its principal corporate trust office.

(b) The Loan Repayment Dates shall be February 15 and August 15 of each year.

RESOLUTIONS OF THE CITY OF HELENA, MONTANA

Resol. No. 20140

(c) The principal amount of the Loan may be prepaid in whole or in part provided that the Borrower has given written notice of its intention to prepay the Loan in whole or in part to the Board no later than 30 days prior to the designated prepayment date.

(d) The Prepayment Amount shall be equal to the principal amount of the Loan outstanding, plus accrued interest thereon to the date of prepayment.

(e) Within fifteen days following an Adjustment Date, the Trustee shall calculate the respective amounts of principal and interest payable by each Borrower on and with respect to its Loan Agreement and Note for the subsequent August 15 and February 15 payments, and prepare and mail by first class mail a statement therefor to the Borrower.

Section 2.02. Use and Disbursement of the Proceeds. The proceeds of the Loan will be expended solely for the purposes set forth in the Description of the Project/Summary of Draws. The proceeds from the sale of the Note to the Board shall remain in the Borrower's Account pending disbursement at the request of the Borrower to pay the budgeted expenditures in anticipation of which the Note was issued. Requests for disbursement of the Loan shall be made to the Board. Prior to the closing of the Loan and the first disbursement, the Borrower shall have delivered to the Trustee a certified copy of this Resolution, the executed Loan Agreement and Note in a form satisfactory to the Borrower's Counsel and the Board's Bond Counsel and such other certificates, documents and opinions as set forth in the Loan Agreement or as the Board or Trustee may require. The Borrower will pay the loan proceeds to a third party within five business days after the date they are advanced (except for proceeds to reimburse the Borrower for previously paid expenditures, which are deemed allocated on the date advanced).

Section 2.03. Payment and Security for the Note. In consideration of the making of the Loan to the Borrower by the Board, the provisions of this Resolution shall be a part of the Agreement of the Borrower with the Board. The provisions, covenants and Agreements herein set forth to be performed by or on behalf of the Borrower shall be for the benefit of the Board. The Loan Agreement and Note shall constitute a valid and legally binding obligation of the Borrower and the principal of and

RESOLUTIONS OF THE CITY OF HELENA, MONTANA

Resol. No. 20140

interest on the Loan shall be payable from the general fund of the Borrower, and any other money and funds of the Borrower otherwise legally available therefor. The Borrower shall enforce its rights to receive and collect all such taxes and revenues to insure the prompt payment of the Borrower obligations hereunder.

Section 2.04. Representation Regarding the Property Tax Limitation Act. The Borrower recognizes and acknowledges that the amount of taxes it may levy is limited by the state pursuant to Section 15-10-402, et. seq. (the Property Tax Limitation Act). The Borrower is familiar with the Property Tax Limitation Act and acknowledges that the obligation to repay the Loan under the Agreement and Note are not exceptions to the provisions of the Property Tax Limitation Act. The Borrower represents and covenants that the payment of principal of and interest on the Loan can and will be made from revenues available to the Borrower in the years as they become due, notwithstanding the provisions of the Property Tax Limitation Act.

Section 2.05. Levy and Appropriate Funds to Repay Loan. The Borrower agrees that in order to meet its obligation to repay the Loan and all other payments hereunder that it will budget, levy taxes for and appropriate in each fiscal year during the term of the Loan an amount sufficient to pay the principal of and interest hereon within the limitations of the Property Tax Limitation Act, as may be amended, and will reduce other expenditures if necessary to make the payments hereunder when due.

ARTICLE III

CERTIFICATIONS, EXECUTION AND DELIVERY

Section 3.01. Authentication of Transcript. The Authorized Representatives are authorized and directed to prepare and furnish to the Board and to attorneys approving the validity of the Bonds, certified copies of this Resolution and all other resolutions and actions of the Borrower and of said officers relating to the Loan Agreement, the Note, and certificates as to all other proceedings and records of the Borrower which are reasonably required to evidence the validity and marketability of the Note. All such certified copies and certificates shall be deemed the representations and recitals of the Borrower as to the correctness of the statements contained therein.

RESOLUTIONS OF THE CITY OF HELENA, MONTANA

Resol. No. 20140

Section 3.02. Legal Opinion. The attorney to the Borrower is hereby authorized and directed to deliver to the Board at the time of Closing of the Loan his or her opinion regarding the Loan, the Loan Agreement, the Note and this Resolution in substantially the form of the opinion set forth in the Attorney's Opinion.

Section 3.03. Execution. The Loan Agreement, Note, and any other document required to close the Loan shall be executed in the name of the Borrower and shall be executed on behalf of the Borrower by the signatures of the Authorized Representatives of the Borrower.

**PASSED AND EFFECTIVE BY THE COMMISSION OF THE CITY OF HELENA,
MONTANA, THIS 24th DAY OF NOVEMBER, 2014.**



Debbie Havens
CLERK OF THE COMMISSION

James E. Smith
MAYOR

COPY

Loan #2526

LOAN AGREEMENT

between

BOARD OF INVESTMENTS
OF THE STATE OF MONTANA

as Lender

and

CITY OF HELENA

as Borrower

DATE OF AGREEMENT: December 5, 2014

LOAN AMOUNT: SIX HUNDRED THOUSAND AND 00/100 DOLLARS (\$600,000.00)

ADDRESS OF BORROWER: City of Helena
316 North Park Avenue
Helena, MT 59623

CONTACT PERSON OF BORROWER:
NAME Glenn Jorgenson
TITLE Controller
TELEPHONE 406-447-8415
FACSIMILE 406-447-8434
E-MAIL gjorgenson@helenamt.gov

ALTERNATE CONTACT PERSON
NAME Ronald Alles
TITLE City Manager
TELEPHONE 406-447-8401
FACSIMILE 406-447-8434
E-MAIL ralles@helenamt.gov

STATUTORY AUTHORITY FOR BORROWING: 7-7-4101, 7-7-4201, MCA

TABLE OF CONTENTS

| | |
|---|----|
| ARTICLE I. DEFINITIONS AND RULES OF INTERPRETATION..... | 2 |
| SECTION 1.01. DEFINITIONS..... | 2 |
| SECTION 1.02. RULES OF INTERPRETATION..... | 5 |
| SECTION 1.03. ATTACHMENTS..... | 5 |
| ARTICLE II. REPRESENTATIONS, COVENANTS AND WARRANTIES OF BORROWER..... | 6 |
| SECTION 2.01. REPRESENTATIONS AND WARRANTIES..... | 6 |
| SECTION 2.02. PARTICULAR COVENANTS OF BORROWER..... | 7 |
| ARTICLE III. LOAN TO BORROWER..... | 7 |
| ARTICLE IV. LOAN PROVISIONS..... | 7 |
| SECTION 4.01. COMMENCEMENT OF LOAN AGREEMENT..... | 7 |
| SECTION 4.02. TERMINATION OF AGREEMENT..... | 8 |
| SECTION 4.03. TERM OF LOAN AGREEMENT..... | 8 |
| SECTION 4.04. LOAN CLOSING SUBMISSIONS..... | 8 |
| SECTION 4.05. INITIAL AND SUBSEQUENT DRAWS OF LOAN..... | 8 |
| ARTICLE V. LOAN REPAYMENTS AND NOTE..... | 9 |
| SECTION 5.01. PAYMENT OF LOAN REPAYMENTS..... | 9 |
| SECTION 5.02. DELINQUENT LOAN PAYMENTS..... | 9 |
| SECTION 5.03. THE NOTE..... | 9 |
| ARTICLE VI. TERM..... | 10 |
| ARTICLE VII. OBLIGATIONS OF BORROWER UNCONDITIONAL..... | 10 |
| SECTION 7.01. OBLIGATIONS OF BORROWER..... | 10 |
| ARTICLE VIII. FINANCIAL COVENANTS (GENERAL FUND)..... | 10 |
| SECTION 8.01. REPRESENTATION REGARDING THE PROPERTY TAX LIMITATION ACT..... | 10 |
| SECTION 8.02. LEVY AND APPROPRIATE FUNDS TO REPAY LOAN..... | 10 |
| SECTION 8.03. REPORTS AND OPINION; INSPECTIONS..... | 10 |
| ARTICLE IX. DISCLAIMER OF WARRANTIES..... | 10 |
| ARTICLE X. OPTION TO PREPAY LOAN..... | 11 |
| ARTICLE XI. ASSIGNMENT..... | 11 |
| SECTION 11.01. ASSIGNMENT BY BOARD OR TRUSTEE..... | 11 |
| SECTION 11.02. ASSIGNMENT BY BORROWER..... | 11 |
| ARTICLE XII. EVENTS OF DEFAULT AND REMEDIES..... | 11 |
| SECTION 12.01. EVENTS OF DEFAULT DEFINED..... | 11 |
| SECTION 12.02. NOTICE OF DEFAULT..... | 12 |
| SECTION 12.03. REMEDIES ON DEFAULT..... | 12 |
| SECTION 12.04. ATTORNEYS FEES AND OTHER EXPENSES..... | 12 |
| SECTION 12.05. APPLICATION OF MONEYS..... | 12 |
| SECTION 12.06. NO REMEDY EXCLUSIVE, WAIVER AND NOTICE..... | 13 |
| ARTICLE XIII. MISCELLANEOUS..... | 13 |
| SECTION 13.01. NOTICES..... | 13 |
| SECTION 13.02. BINDING EFFECT..... | 13 |

| | |
|---|----|
| SECTION 13.03. SEVERABILITY..... | 13 |
| SECTION 13.04. AMENDMENTS, CHANGES AND MODIFICATIONS..... | 13 |
| SECTION 13.05. EXECUTION IN COUNTERPARTS..... | 14 |
| SECTION 13.06. APPLICABLE ACT..... | 14 |
| SECTION 13.07. CONSENTS AND APPROVALS..... | 14 |
| SECTION 13.08. INDEMNITY..... | 14 |
| SECTION 13.09. WAIVER OF PERSONAL LIABILITY..... | 14 |
| SECTION 13.10. CAPTIONS..... | 14 |

This Loan Agreement (the "Agreement") dated as of December 5, 2014, and entered into between the Board of Investments of the State of Montana (the "Board"), a public body corporate and instrumentality of the state of Montana, and City of Helena ("the Borrower"), a political subdivision of the State of Montana organized under the laws of the State of Montana;

WITNESSETH:

WHEREAS, pursuant to Section 2-15-1808, Montana Code Annotated and Title 17, Chapter 5, Part 16, Montana Code Annotated (the "Act") and in accordance with the Indenture of Trust, dated as of March 1, 1991, between the Board and U.S. Bank National Association (formerly known as First Trust Company of Montana National Association) (the "Trustee"), has established its INTERCAP Revolving Program pursuant to which the Board will issue, from time to time, its Annual Adjustable Rate Tender Option Municipal Finance Consolidation Act Bonds (INTERCAP Revolving Program) (the "Bonds"), for the purpose of making loans to Eligible Government Units to finance or refinance the acquisition and installation of equipment, personal and real property improvements, to provide temporary financing of projects or for other authorized corporate purposes of an Eligible Government Unit (the "Projects"); and

WHEREAS, the Board has agreed to loan part of the proceeds of an issue of such Bonds to the Borrower in the amount of \$600,000.00, and the Borrower has agreed to borrow such amount from the Board, subject to the terms and conditions of and for the purposes set forth in this Agreement; and

WHEREAS, the Borrower is authorized under the laws of the State of Montana, and has taken all necessary action, to enter into this Agreement for the Project as identified in the Description of the Project/Summary of Disbursements attached hereto.

NOW, THEREFORE, for and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I. DEFINITIONS AND RULES OF INTERPRETATION.

Section 1.01. Definitions.

The following terms will have the meanings indicated below for all purposes of this Agreement unless the context clearly requires otherwise. Capitalized terms used in this Agreement and not defined herein shall have the meanings set forth in the Indenture.

"Act" means Section 2-15-1808, Montana Code Annotated and Title 17, Chapter 5, Part 16, Montana Code Annotated as now in effect and as it may from time to time hereafter be amended or supplemented.

"Adjusted Interest Rate" shall mean the interest rate on the Loan determined and established pursuant to the Promissory Note hereto and the Loan Agreement or Bond Resolution.

"Adjustment Date" means the Initial Adjustment Date or a Subsequent Adjustment Date.

"Adjustment Period" means the period beginning on an Adjustment Date and ending on the day before the next succeeding Adjustment Date.

"Amortization Schedule" means the schedule prepared for a loan advance to the Borrower showing the principal amount advanced, the amortization of the principal, and the interest and principal payments due to the Subsequent Interest Adjustment Date.

"Authorized Representative" shall mean the officers of the Borrower designated by the Governing Body and set forth in the Application and signed on behalf of the Borrower by a duly authorized official.

"Board" means the Board of Investments of the State of Montana, a public body corporate organized and existing under the laws of the State and its successors and assigns.

"Bonds" means the Board of Investments of the State of Montana's Annual Adjustable Rate Tender Option Municipal Finance Consolidation Act Bonds (INTERCAP Revolving Program) authorized to be issued for the Program.

"Borrower" means City of Helena, the Eligible Government Unit, which is borrowing and using the proceeds of the Loan to finance, refinance or be reimbursed for, all or a portion of the Cost of the Total Project.

"Borrower Act" means 7-7-4101, 7-7-4201, the section of Montana Code Annotated that authorizes an Eligible Government Unit to borrow money on terms consistent with the Program.

"Borrower Resolution" means a resolution, duly and validly adopted by a Borrower authorizing the execution and delivery to the Board of an Agreement and Note, in substantially the form provided, or such other form of Resolution that the Board may approve and all amendments and supplements thereto.

"Commencement Date" means December 5, 2014, the date of the Agreement when the term of this Agreement begins and the obligation of the Borrower to make Loan Repayments begins to accrue.

"Counsel" means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state.

"Default" means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Eligible Government Unit" shall mean any municipal corporation or political subdivision of the state, including without limitation any city, town, county, school district, or other special taxing district or assessment or service district authorized by law to borrow money or any board, agency, or department of the state, or the board of regents of the Montana university system when authorized by law to borrow money.

"Event of Default" means any occurrence or event described in Article X hereof.

"Fiscal Year" means the fiscal year of the Borrower beginning on July 1 and ending June 30.

"Governing Body" shall mean (i) with respect to a county, the Board of County Commissioners, (ii) with respect to a city, the City Council or Commission, and (iii) with respect to a school district, county water or sewer district, hospital district, rural fire district, or any other special purpose district, the Board of Trustees.

"Indenture" means that certain Indenture of Trust, dated as of March 1, 1991, by and between the Board and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended in accordance with its terms.

"Initial Adjustment Date" means the first February 16 following the date of the Agreement.

"Initial Interest Rate" means the Loan Rate from the date of the Agreement to the Initial Adjustment Date.

"Loan" means the loan of money by the Board to the Borrower under the terms of this Agreement pursuant to the Act and the Borrower Act, evidenced by the Note.

"Loan Agreement" or "Agreement" means this Agreement, including, the attachments hereto, if any, as originally executed or as they may from time to time be supplemented, modified or amended in accordance with the terms hereof and of the Indenture.

"Loan Date" means the date of closing a Loan.

"Loan Rate" means the rate of interest on the Loan as provided for in Section 5.01 of this Agreement.

"Loan Repayment Date" means February 15th and August 15th or, if any such day is not a Business Day, the next Business Day thereafter, during the term of the Loan.

"Loan Repayments" means the payments payable by the Borrower pursuant to Article V of this Agreement.

"Loan Term" means the term provided for in Article VI of this Agreement.

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

"Note" means the promissory note executed and delivered by the Borrower attached hereto and made a part hereof.

"Program" means the Board's INTERCAP Program established under the Act and pursuant to which the Board finances Projects for Eligible Government Units.

"Program Expenses" means the expenses of the Program, including (without limitation) the fees and expenses of the Trustee and such other fees and expenses of the Program or of the Board relating thereto as shall be approved by the Board.

"Project" means those items of equipment, personal or real property improvements to be acquired, installed, financed or refinanced under the Program and set forth in the Description of the Project/Summary of Disbursements attached hereto.

"Project Costs" shall mean the portion of the costs of the Total Project to be financed by the INTERCAP Loan. The Project Costs may not exceed the Loan Amount as set forth on the cover hereof.

"Series Supplemental Indenture of Trust" means a Supplemental Indenture of Trust authorizing the issuance of an additional series of bonds in accordance with the provisions of the Indenture.

"State" means the state of Montana.

"Subsequent Interest Adjustment Date or Subsequent Adjustment Date" means February 16 in the years the Loan remains outstanding.

"Term Sheet" shall mean the document containing the terms and conditions issued by the Board to the Borrower that must be satisfied prior to entering into a Loan Agreement.

"Term Sheet Issuance Date" means the date the Board executes its Term Sheet under the Board's Program.

"Total Project" shall mean the project as described in Section 14 of the Term Sheet and/or Section 2 of the application, of which some or all is to be financed by the INTERCAP Loan.

"Total Project Costs" shall mean the entire cost of acquiring, completing or constructing the project as further described in Section 14 of the Terms & Conditions Sheet and/or Section 2 of the application.

"Trustee" means the U.S. Bank National Association (formerly known as First Trust Company of Montana National Association), a corporation organized and existing under the laws of the United States, or its successor as trustee as provided in the Indenture.

Section 1.02. Rules of Interpretation.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) "This Agreement" means this instrument as originally executed and as it may from time to time be modified or amended.

(b) All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein", "hereof", "hereunder", and "herewith" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

(c) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular.

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

(e) The terms defined elsewhere in this Agreement shall have the meanings therein prescribed for them.

(f) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter gender.

(g) The headings or captions used in this Agreement are for convenience of reference only and shall not define or limit or describe any of the provisions hereof or the scope or intent hereof.

(h) This Agreement shall be construed in accordance with the laws of the State.

Section 1.03. Attachments

The following are attachments and a part of this Agreement:

Description of the Project/Summary of Disbursements.
Borrower's Draw Certificate.
Promissory Note.
Opinion of Borrower's Counsel.
Certificate of Appropriation (if applicable).

ARTICLE II. REPRESENTATIONS, COVENANTS AND WARRANTIES OF BORROWER.

Section 2.01. Representations and Warranties.

Borrower represents and warrants for the benefit of the Board, the Trustee and the Bondholders as follows:

(a) Organization and Authority. The Borrower:

(1) is a political subdivision of the State of Montana; and

(2) has complied with all public bidding and other State and Federal laws applicable to this Agreement and the acquisition or installation of the Project.

(b) Full Disclosure. There is no fact that the Borrower has not disclosed to the Board or its agents in writing that materially adversely affects or (so far as the Borrower can now foresee), except for pending or proposed legislation or regulations that are a matter of public information affecting the ability of the Borrower to levy property taxes, collect fees and charges for services provided by the Borrower or otherwise receive revenues, that will materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Borrower or the ability of the Borrower to make all repayments and otherwise perform its obligations under this Agreement, and the Note.

(c) Pending Litigation. There are no proceedings pending, or to the knowledge of the Borrower threatened against or affecting the Borrower in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Borrower, or the ability of the Borrower to make all Loan Repayments and otherwise perform its obligations under this Agreement, and the Note, and that have not been disclosed in writing to the Board.

(d) Borrowing Legal and Authorized. The transaction provided for in this Agreement, and the Note:

(1) are within the powers of the Borrower and have been duly authorized by all necessary action on the part of the Borrower, including the adoption of a resolution substantially in the form provided hereto with such modification as may be provided by the Board; and

(2) 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 indenture, loan agreement or other instrument (other than this Agreement and, the Note) to which the Borrower is a party or by which the Borrower may be bound, nor will such action result in any violation of the provisions of any state laws, or ordinances or resolutions of the Borrower; and

(3) the amount of the Loan represented hereby has been added to the amount of all other outstanding debt of the Borrower and together therewith does not result in the Borrower exceeding its statutory debt limitation.

(e) No Violation. No event has occurred and no condition exists that, upon execution of this Agreement, and the Note or receipt of the Loan, would constitute a Default or an Event of Default. The Borrower is not in violation in any material respect, and has not received notice of any claimed violation, of any term of any agreement, statute, ordinance, resolution, bylaw or other instrument to which it is a party or by which it or its property may be bound.

(f) Use of Proceeds. The Borrower will apply the proceeds of the Loan solely to finance the Project Costs described in the Description of the Project/Summary of Disbursements attached hereto. In addition, the Borrower will pay the loan proceeds to a third party within five business days after the date they are advanced

(except for proceeds to reimburse the Borrower for previously paid expenditures, which are deemed allocated on the date advanced). Investment of proceeds by the Borrowers within the five business day period of disbursement to a third party (except for proceeds to reimburse the Borrower for previously paid expenditures) should be in Non-AMT Obligations as that term is defined in the Board's tax certificates.

(g) Completion of the Total Project; Payment of Total Project Costs. The Borrower shall proceed diligently to complete the Total Project and to obtain the necessary funds to pay the Total Project Costs thereof. The Borrower shall pay any amount required for the acquisition, construction and equipping of the Total Project in excess of the Loan Amount as set forth on the cover hereof.

Section 2.02. Particular Covenants of Borrower.

(a) Compliance with Statutory Requirements, Competitive Bidding, Montana Labor Laws, Environmental Review, and Other Legal Requirements. The Borrower has complied with all statutory requirements, including competitive bidding and labor requirements and environmental review, applicable to the acquisition and construction of the Project.

(b) Maintenance and Use of Project. The Borrower shall maintain the Project in good condition, make all necessary renewals, replacements, additions, betterments and improvements thereto and maintain insurance with respect to the Project, its other properties and its operations in such amounts and against such risks as are customary for governmental entities such as the Borrower.

(c) Financial Reports and Audits. The Borrower shall comply with the provisions of Title 2, Chapter 7, Part 5 Montana Code Annotated and shall file with the Board financial reports and audits when such reports and audits are required to be filed by the Department of Commerce.

(d) Liens. The Borrower shall not create, incur or suffer to exist any lien, charge or encumbrance on the property constituting the Project prior to the security interest granted hereunder other than (i) any security interest or lien pursuant to a loan agreement, mortgage, deed of trust, indenture or similar financing agreement of the Borrower in force and effect as of the date of this Agreement which creates a security interest or lien in after-acquired property of the Borrower and which is approved in writing by the Board, (ii), any security interest, mortgage or deed of trust permitted in writing by the Trustee, or (iii) any security interest or lien imposed or arising by statute or operation of law.

(e) Expenses. The Borrower will, at the request of the Board, pay all expenses relating to the Loan, the Note, and the Security Instrument and this Agreement, including but not limited to.

ARTICLE III. LOAN TO BORROWER.

Subject to the terms and conditions of this Agreement, the Board hereby agrees to loan and advance to the Borrower, and the Borrower agrees to borrow and accept from the Board, the Loan in the principal amount not to exceed \$600,000.00.

ARTICLE IV. LOAN PROVISIONS.

Section 4.01. Commencement of Loan Agreement

This Agreement shall commence on the date hereof unless otherwise provided in this Agreement.

Section 4.02. Termination of Agreement.

This Agreement will terminate upon payment in full of all amounts due under this Agreement and upon the full and complete performance and payment of all of the Borrower's other obligations hereunder. Until such termination, all terms, conditions, and provisions of this Agreement shall remain in full force and effect.

Section 4.03. Term of Loan Agreement.

This Agreement shall be valid for the entire loan amount approved for one year from the Term Sheet Issuance Date. Beginning one year after the Term Sheet Issuance Date, the Board may refuse to make a loan advance if the Board determines that there has been a material adverse change in the circumstances of the Borrower.

Section 4.04. Loan Closing Submissions.

Concurrently with the execution and delivery of this Agreement, the Borrower is providing to the Board and the Trustee, the following documents (except that the Board may waive any of such documents):

(a) A certified resolution of the Borrower in form and substance substantially identical to that provided hereto; provided, however, that the Board may permit variances in such certified resolution from the form or substance of such resolution if, in the good faith judgment of the Board, such variance is not to the material detriment of the interests of the Program, the Bondholders and such certified resolutions are acceptable to the Trustee;

(b) An opinion of the Borrower's counsel in form and substance substantially identical to the Attorney's Opinion hereto; provided, however, that the Board may permit variances in such opinion from the form or substance of such Attorney's Opinion if, in the good faith judgment of the Board, such variance is not to the material detriment of the interests of the Program, the Bondholders and such opinion is acceptable to the Trustee;

(c) A bill, or bills of sale, construction contract or contracts, invoice or invoices, purchase order or purchase orders or other evidence satisfactory to the Board that the Project has been purchased, ordered, constructed or installed by the Borrower or that any construction has been substantially completed and that payment therefor is due and owing or, if the Borrower is to be reimbursed, that payment has been made; and for any debt being refinanced, the canceled note or other financing document or other evidence satisfactory to the Board of such refinancing;

(d) Such other closing documents and certificates as the Board may reasonably request.

Section 4.05. Initial and Subsequent Draws of Loan.

For the initial draw of the Loan, the Borrower shall deliver to the Board an executed copy of the Agreement, complete with all attachments as listed in Section 4.04 including the Note and the Agreement Resolution and other documents the Board requires.

For subsequent draws, if applicable, the Borrower shall deliver to the Board, an executed copy of a Disbursement Request and any other documents the Board requires.

ARTICLE V. LOAN REPAYMENTS AND NOTE.

Section 5.01. Payment of Loan Repayments

(a) The Loan Repayment Dates shall be on February 15 and August 15 of each year with the first Loan Repayment Date determined as follows:

| <u>Date of Draw</u> | <u>First Loan Repayment Date</u> | <u>Payment Consisting of:</u> |
|---------------------------------|----------------------------------|--|
| February 15 through April 17 | August 15 | Principal and Interest |
| April 18 through June 16 | August 15 | Interest only |
| June 17 through August 14 | February 15 | Principal and interest from date of draw |
| August 15 through October 18 | February 15 | Principal and Interest |
| October 19 through December 17 | February 15 | Interest only |
| December 18 through February 14 | August 15 | Principal and Interest from date of draw |

(b) Borrower hereby agrees to make Loan Repayments to the Trustee on each Loan Repayment Date to be calculated by the Trustee and consisting of the sum of the following items:

(i) Principal in an amount based upon the initial Amortization Schedule, the Amortization Schedule being initially determined utilizing the Initial Interest Rate. Each advance of the principal of the Loan as shown on the Amortization Schedule shall be repaid in semiannual installments on each Loan Repayment Date commencing on the first Loan Repayment Date following the date thereof and ending on the final maturity date set forth on the Amortization Schedule. Principal payments will not be adjusted but the interest payment will be adjusted as provided in Section 5.01 hereof.

(ii) Interest for each Adjustment Period at the Loan Rate.

(c) The Loan Rate shall equal the interest rate on the Board's bonds, as determined pursuant to Section 3.03 of the Indenture, plus up to 1 1/2% per annum as is necessary to pay the Borrower's share of Program Expenses as determined by the Board. The interest rate on the Bonds shall not exceed 15% per annum.

(d) Within thirty days of the Adjustment Date the Trustee shall calculate the new interest component of the Loan Repayments and shall send a revised Amortization Schedule to the Borrower showing the amount of the Borrower's semiannual Loan Repayments.

(e) Loan Repayments may be made by check, wire transfer, or Automatic Clearing House (ACH) of funds to the Trustee.

Section 5.02. Delinquent Loan Payments.

From and after any Loan Repayment Date, until repaid, the Loan shall bear interest at a rate equal to two percent on the yield (coupon equivalent) as of the Loan Repayment Date, on United States of America Treasury Bills of a duration as close as possible to the term over which the Loan Repayment is delinquent.

Section 5.03. The Note.

On the date of this Agreement, the Borrower shall execute the attached Note. The obligations of the Borrower under the Note shall be deemed to be amounts payable under Section 5.01. Each payment made to the Trustee pursuant to the Note shall be deemed to be a credit against the corresponding obligation of the Borrower under Section 5.01 and

any such payment made to the Trustee shall fulfill the Borrower's obligation to pay such amount hereunder and under the Note.

ARTICLE VI. TERM.

The term of the Loan will be a maximum of fifteen (15) years and the specific term for each loan draw will be set forth in the Borrower's Draw Certificate.

ARTICLE VII. OBLIGATIONS OF BORROWER UNCONDITIONAL.

Section 7.01. Obligations of Borrower.

The obligations of the Borrower to make the payments required hereunder shall be absolute and unconditional without any defense or right of set off, counterclaim or recoupment by reason of any default by the Board under the Loan Agreement or under any other indebtedness or liability at any time owing to the Borrower by the Board or for any other reason.

ARTICLE VIII. FINANCIAL COVENANTS (GENERAL FUND).

Section 8.01. Representation Regarding the Property Tax Limitation Act.

The Borrower recognizes and acknowledges that the amount of taxes it may levy is limited by the state pursuant to Section 15-10-420, as amended (the Property Tax Limitation Act). The Borrower is familiar with the Property Tax Limitation Act and acknowledges that the Loan Repayments to be made under the Agreement and Note are not exceptions to the provisions of the Property Tax Limitation Act. The Borrower represents and covenants that such Loan Repayments can and will be made from revenues available to the Borrower, notwithstanding the provisions of the Property Tax Limitation Act.

Section 8.02. Levy and Appropriate Funds to Repay Loan.

The Borrower agrees that in order to meet its obligation to make the Loan Repayments and all other payments hereunder that it will budget for as authorized and appropriate from taxes or any other available sources in each fiscal year during the term of this Agreement an amount sufficient to pay the principal of and interest hereon within the limitations of the Property Tax Limitation Act and will reduce other expenditures if necessary to make the payments hereunder when due.

Section 8.03. Reports and Opinion; Inspections.

(a) The Borrower shall deliver to the Board by no later than August 15 of each year during the term of this Agreement, a certificate in substantially the form attached hereto that the Governing Body of the Borrower has budgeted and appropriated for the then current Fiscal Year an amount sufficient to make the Loan Repayments due in that Fiscal Year, as required in Article VIII hereof.

(b) The Borrower agrees to permit the Board and the Trustee to examine, visit and inspect, at any reasonable time, the property constituting the Project, and the Borrower's facilities, and any accounts, books and records, including its receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, and to supply such reports and information as the Board or the Trustee may reasonably require.

ARTICLE IX. DISCLAIMER OF WARRANTIES.

THE BOARD AND ITS AGENTS MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS

FOR ANY OR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROJECT OR ANY PORTION THEREOF OR ANY OTHER WARRANTY WITH RESPECT THERETO. In no event shall the Board or the Trustee or their respective agents be liable for any incidental, indirect, special or consequential damages in connection with or arising out of this Agreement or the Project or the existence, furnishing, functioning or Borrower's use of the Project or any item or products or services provided for in this Agreement.

ARTICLE X. OPTION TO PREPAY LOAN.

The Borrower may prepay the Loan in whole or in part upon giving 30 days prior written notice to the Board.

If the Loan is prepaid in part, the principal amount of the Loan shall be reduced by the portion of the prepayment representing principal and the Loan shall be reamortized by ratably reducing the principal portion of each remaining Loan Repayment.

ARTICLE XI. ASSIGNMENT.

Section 11.01. Assignment by Board or Trustee.

(a) The Borrower expressly acknowledges that all right, title and interest of the Board in and to this Agreement (except for the rights of the Board to indemnification pursuant to Section 13.08 hereof) and the Note have been assigned to the Trustee, as security for the Bonds, under and as provided in the Indenture, and that if any Event of Default shall occur, the Trustee shall be entitled to act hereunder in the place and stead of the Board. In addition, the Borrower acknowledges that the Board has appointed the Trustee as servicer entitled to act hereunder in the place and stead of the Board. This Agreement and the Note including (without limitation) the right to receive payments required to be made by the Borrower hereunder and to compel or otherwise enforce performance by the Borrower of its other obligations hereunder, may be further assigned and reassigned in whole or in part to one or more assignees or subassignees by the Trustee at any time subsequent to their execution without the necessity of obtaining the consent of the Borrower. Forthwith upon any such assignment the Trustee shall notify the Borrower thereof.

(b) The Borrower acknowledges that payment of the Bonds does not constitute payment of the amounts due under this Agreement.

Section 11.02. Assignment by Borrower.

This Agreement may not be assigned or encumbered by the Borrower for any reason without the express written consent of the Trustee and the Board.

ARTICLE XII. EVENTS OF DEFAULT AND REMEDIES.

Section 12.01. Events of Default Defined.

If any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) Failure by the Borrower to pay any Loan Repayment required to be paid hereunder at the time specified herein and the continuation of such failure for a period of three (3) days after telephonic or e-mail notice by the Trustee that such payment has not been received;

(b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement, other than as referred to in Section 12.01(a) for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the

Borrower by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the Default is corrected;

(c) Any warranty, representation or other statement by or on behalf of the Borrower contained in this Agreement or in any instrument furnished in compliance with or in reference to this Agreement or in connection with the Loan, is false or misleading in any material respect;

(d) The Borrower files a petition in voluntary bankruptcy under the United States Bankruptcy Code or seeks relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;

(e) The Borrower is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the Borrower or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days.

Section 12.02. Notice of Default.

The Borrower agrees to give the Trustee and the Board prompt written notice if any petition referred to in Section 12.01(d) is filed by the Borrower or of the occurrence of any other event or condition which constitutes a Default or an Event of Default immediately upon becoming aware of the existence thereof.

Section 12.03. Remedies on Default.

If an Event of Default referred to in Section 12.01(d) shall have occurred, the Trustee shall declare the Loan and all other amounts due hereunder to be immediately due and payable, and upon notice to the Borrower the same shall become due and payable without further notice or demand. Whenever any Event of Default referred to in Section 12.01 hereof shall have happened and be continuing, the Trustee or the Board shall have the right to take any action permitted or required pursuant to the Indenture and shall take one or any combination of the following remedial steps:

(a) Declare the Loan and all other amounts due hereunder to be immediately due and payable, and upon notice to the Borrower the same shall become immediately due and payable by Borrower without further notice or demand; and

(b) Take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its or the Board's rights hereunder, including without limitation, the appointment of a receiver as provided in the Act.

Section 12.04. Attorneys Fees and Other Expenses.

The Borrower shall on demand pay to the Board or the Trustee the reasonable fees and expenses of attorneys and other reasonable expenses incurred by either of them, or by any agency of the State selected by the Board to act on its behalf or by the Attorney General, in the collection of Loan Repayments or any other sum due or the enforcement of performance of any other obligations of Borrower upon an Event of Default.

Section 12.05. Application of Moneys.

Any moneys collected by the Board or the Trustee pursuant to Section 12.03 hereof shall be applied (a) first, to pay any attorney's fees or other fees and expenses owed by Borrower pursuant to Section 12.04 hereof; (b) second, to pay interest due on the Loan; (c) third, to pay principal due on the Loan; (d) fourth, to pay any other amounts due hereunder;

and (e) fifth, to pay interest and principal on the Loan and other amounts payable hereunder but which are not due, as they become due (in the same order, as to amounts which come due simultaneously, as in (a) through (d) in this Section 12.05).

Section 12.06. No Remedy Exclusive, Waiver and Notice.

No remedy herein conferred upon or reserved to the Board or the Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Default or Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Board or the Trustee to exercise any remedy reserved to it in this Article XII, it shall not be necessary to give any notice, other than such notice as may be required in this Article XII.

ARTICLE XIII. MISCELLANEOUS.

Section 13.01. Notices.

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or five days after mailed by registered or certified mail, postage prepaid, to the Borrower at the address specified on the cover hereof and to the other parties at the following addresses:

- (1) Board: Montana Board of Investments
Attn: Bond Program Office
P.O. Box 200126
Helena, Montana 59620-0126
- (2) Trustee: U.S. Bank National Association
Corporate Trust Services PD-WA-T7CT
1420 Fifth Avenue, 7th Floor
Seattle, WA 98101

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

Section 13.02. Binding Effect.

This Agreement shall inure to the benefit of and shall be binding upon the Board, the Borrower and their respective successors and assigns.

Section 13.03. Severability.

In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.04. Amendments, Changes and Modifications.

This Agreement may not be amended by the Board and the Borrower unless such amendment shall have been consented to in writing by the Trustee.

Section 13.05. Execution in Counterparts.

This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.06. Applicable Act.

This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 13.07. Consents and Approvals.

Whenever the written consent or approval of the Board shall be required under the provisions of this Agreement, such consent or approval may be given by the Executive Director of the Board, unless otherwise provided by law or by rules, regulations or resolutions of the Board or unless delegated to the Trustee.

Section 13.08. Indemnity.

The Borrower agrees to indemnify and hold harmless the Board and the Trustee, their respective officers, employees and agents, from and against any and all losses, claims, damages, liability or expenses, of every conceivable kind, character and nature whatsoever, including, but not limited to, losses, claims, damages, liabilities or expenses (including reasonable fees for attorneys, accountants, consultants and other experts) (collectively referred to hereinafter in this Section 13.08 as "Damages") as follows:

(a) For all Damages arising out of, resulting from or in any way connected with the Loan or this Agreement, without limitation; and

(b) For all Damages arising out of, resulting from or in any way connected with the acquisition, construction, installation and operation of the Project.

Notwithstanding the foregoing, the Borrower shall have no liability for damages solely arising out of, resulting from or connected to the Loan or Agreement of any other Borrower.

Section 13.09. Waiver of Personal Liability.

No member, officer, agent or employee of the Board shall be individually or personally liable for the making of the Loan or be subject to any personal liability or accountability by reason hereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Agreement.

Section 13.10. Captions.

The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

IN WITNESS WHEREOF, the Board has executed this Agreement by its duly authorized officers and the Borrower has caused this Agreement to be executed in its name by its duly authorized officers. All of the above occurred as of the date first above written.

BOARD OF INVESTMENTS OF THE
STATE OF MONTANA



By Julie Flynn
Its Bond Program Officer





By Debbie Havens
Its City Clerk

CITY OF HELENA



By Ronald Alles
Its City Manager

APPROVED AS TO FORM.



DATE: 11/12/2014

DESCRIPTION OF THE PROJECT/SUMMARY OF DISBURSEMENTS
FOR
CITY OF HELENA

COPV

Allocated
Amount
of Loan

Description of Project

I. Irrigation system

\$600,000.00

| Draw # | Description of Item | Amount Allocated for Item | Date of Draw | Amount of Draw | Amount Remaining for Item | Remaining Reserved Amount |
|-----------|------------------------|---------------------------------|-----------------|----------------------|---------------------------------|---------------------------------|
| | | | | Reserved Amount | | \$600,000.00 |
| 2526-01 | #1 above | \$600,000.00 | 12/5/2014 | 394,354.63 | 205,645.37 | 205,645.37 |

BORROWER'S DRAW CERTIFICATE NO. 1
FOR DISBURSEMENT OF FUNDS
UNDER THE LOAN AGREEMENT

COPY

The undersigned, Authorized Representative of the City of Helena (the "Borrower") under the Loan Agreement, dated as of December 5, 2014 (the "Loan Agreement"), by and between the Board of Investments of the state of Montana (the "Board"), certify pursuant to Section 4.04, as follows:

1. We have read Section 4.05 of the Loan Agreement and the subsections of Section 4.04 referred to therein and have reviewed appropriate records and documents of the Borrower relating to matters covered by this Certificate. All capitalized terms used in this Certificate shall have the meanings given them in the Loan Agreement unless otherwise defined herein;

2. All terms and conditions of the Loan Agreement to be complied with by the Borrower as of the date hereof have been complied with and satisfied, and all documents described in Section 4 have been delivered;

3. The item number, amount, and nature of each item of Project Costs, as shown on the attached Borrower's Cash Advance Certificate, hereby requested to be reimbursed or paid to the Borrower (a) has been paid or incurred, (b) is an eligible Project Cost, and (c) has not been previously reimbursed or paid by the Program under the Loan Agreement;

4. To our knowledge after reasonable investigation, there has been no default by the Borrower under the Loan Agreement, which has not been cured; and

5. All representations and warranties made by the Borrower in the Loan Agreement are true and correct on and as of the date of this Borrower's Certificate with the same effect as if made on such date.

You are hereby requested to advance pursuant to Section 4.05 of the Loan Agreement the amount shown on the Borrower's Cash Advance Certificate and make payment to the entitled entity to receipt thereof as shown on said Certificate.

WITNESS my hand this 5th day of December, 2014.



By Debbie Havens
Its City Clerk

CITY OF HELENA

Ronald Alles
By Ronald Alles
Its City Manager

APPROVED AS TO FORM:

Thomas J. Jodan

DATE: 11/12/2014

BORROWER'S CASH ADVANCE CERTIFICATE NO. 1

1. Closing Date for Loan: December 5, 2014
2. Cash Amount to be Advanced (wire): \$394,354.63
3. The Term Over Which the Loan Advance is to be Amortized:
December 5, 2014 through February 15, 2030 (15 years)
4. Items to be Financed (serial number, model):

| <u>Item</u> | <u>Serial and Model Number</u> | <u>Amount</u> |
|-------------------|------------------------------------|---------------|
| Irrigation system | | \$ 394,354.63 |

SPECIAL INSTRUCTIONS:

- wire funds to: US Bank
ABA # 092900383
For Cr To City of Helena
Acct. #156041400151
FFC

COPY

Loan #2526

PROMISSORY NOTE

FOR VALUE RECEIVED, the City of Helena, a political subdivision organized under the laws of the state of Montana (the "Borrower"), hereby promises to pay to the order of the Board of Investments of the State of Montana (the "Board") the principal amount of SIX HUNDRED THOUSAND AND 00/100 DOLLARS (\$600,000.00) or such lesser amount as shall actually be advanced to the Borrower under the Loan Agreement (hereinafter defined) as evidenced by the Amortization Schedule attached hereto and as annually revised by March 15 for every year the loan advance is outstanding, together with interest thereon in the amount calculated as provided in the Loan Agreement, payable semiannually on February 15 and August 15 in the amounts and as provided in the Loan Agreement and as set forth hereto.

The maturity date of this loan as evidenced by this Promissory Note is February 15, 2030 or sooner at the option of the Borrower pursuant to the Loan Agreement.

This Promissory Note is issued pursuant to the Loan Agreement dated as of December 5, 2014, between the Board and the Borrower (the "Loan Agreement"), and issued in consideration of the loan made thereunder (the "Loan") and in evidence of the obligations of the Borrower set forth in Section 5 thereof. This Promissory Note has been assigned to the Trustee under the Indentures of the Program. Payments hereunder shall be made directly to the Trustee for the account of the Board pursuant to such assignment. Such assignment has been made as security for the payment of the Board of Investments' INTERCAP bonds. All of the terms, conditions and provisions of the Loan Agreement are, by this reference hereto, incorporated herein as a part of this Promissory Note.

Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the interest rate over the number of days in a year, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

Pursuant to the Loan Agreement, advances shall be made to the Borrower under the Loan Agreement from time to time upon the terms and conditions set forth in the Loan Agreement.

This Promissory Note is entitled to the benefits and is subject to the conditions of the Loan Agreement. The obligations of the Borrower to make the payments required hereunder shall be absolute and unconditional without any defense or right of setoff, counterclaim or recoupment by reason of any default by the Board under the Loan Agreement or under any other indebtedness or liability at any time owing to the Borrower by the Board or for any other reason.

This Promissory Note is subject to optional prepayment under the terms and conditions provided in Article X of the Loan Agreement upon giving 30 days prior written notice to the Board.

If an "Event of Default" occurs under Section 12.01 of the Loan Agreement, the principal of this Promissory Note may be declared due and payable in the manner and to the extent provided in Article XII of the Loan Agreement.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Montana to be done, to exist, to happen and to be performed precedent to and in the issuance of this Note, in order to make it a valid and binding obligation of the Borrower according to its terms, have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required; that the Borrower will, as authorized by and according to applicable provisions and limitations of law annually levy sufficient tax receipts or collect sufficient revenues, as the case may be, with other funds available therefor, to pay the principal and interest hereon when due; and that this Note, together with all other indebtedness of the Borrower


outstanding on the date of original issue hereof and on the date of its actual issuance and delivery, does not exceed any constitutional or statutory limitation of indebtedness of the Borrower.

IN WITNESS WHEREOF, the City of Helena has caused this Promissory Note to be duly executed, attested and delivered, as of this 5th day of December, 2014.

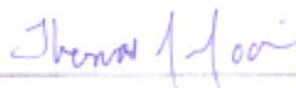
CITY OF HELENA


By Ronald Alles
Its City Manager





By Debbie Havens
Its City Clerk

APPROVED AS TO FORM:


DATE: 11/12/2014

Board of Investments of the State of Montana hereby assigns the foregoing Loan Agreement and Promissory Note to U.S. Bank National Association (formerly known as First Trust Company of Montana), as Trustee.

BOARD OF INVESTMENTS OF THE
STATE OF MONTANA


By Julie Flynn
Its Bond Program Officer

MONTANA BOARD OF INVESTMENTS
ANNUAL ADJUSTABLE RATE TENDER OPTION
MUNICIPAL FINANCE CONSOLIDATION ACT BONDS
(INTERCAP REVOLVING PROGRAM)

| | | | |
|-----------------------|---------------------|-------------------------|-------------------|
| Municipality: | Helena | Final Payment: | February 15, 2030 |
| Total Commitment: | \$600,000.00 | Total # of Payments: | 30 |
| Total Draws to Date: | \$0.00 | Draw Number: | 2526 1 |
| This Draw Down: | \$394,354.63 | Date of this Draw: | December 5, 2014 |
| Remaining Commitment: | \$205,645.37 | Date of Loan Agreement: | December 5, 2014 |
| Project: | Irrigation System | Series: | 2007 |

| <u>Payment Due</u> | <u>Interest Rate</u> | <u># Days Due</u> | <u>Interest Payment</u> | <u>Principal Payment</u> | <u>O/S Loan Balance</u> | <u>Total Amount of Payment</u> |
|--------------------|----------------------|-------------------|------------------------------|--------------------------|-------------------------|--------------------------------|
| | | | **Beginning Balance** | | 394,354.63 | *please see comments |
| 02/15/15 | 1.000% | 72 | 777.91 | 0.00 | 394,354.63 | 777.91 |
| 08/15/15 | | 181 | | 12,232.89 | 382,121.74 | |
| 02/15/16 | | 184 | | 12,262.14 | 369,859.60 | |
| 08/15/16 | | 182 | | 12,349.26 | 357,510.34 | |
| 02/15/17 | | 184 | | 12,391.13 | 345,119.21 | |
| 08/15/17 | | 181 | | 12,477.04 | 332,642.17 | |
| 02/15/18 | | 184 | | 12,511.57 | 320,130.60 | |
| 08/15/18 | | 181 | | 12,600.96 | 307,529.64 | |
| 02/15/19 | | 184 | | 12,638.17 | 294,891.47 | |
| 08/15/19 | | 181 | | 12,726.11 | 282,165.36 | |
| 02/15/20 | | 184 | | 12,766.03 | 269,399.33 | |
| 08/15/20 | | 182 | | 12,848.82 | 256,550.51 | |
| 02/15/21 | | 184 | | 12,898.69 | 243,651.82 | |
| 08/15/21 | | 181 | | 12,980.21 | 230,671.61 | |
| 02/15/22 | | 184 | | 13,025.62 | 217,646.00 | |
| 08/15/22 | | 181 | | 13,109.17 | 204,536.83 | |
| 02/15/23 | | 184 | | 13,157.36 | 191,379.47 | |
| 08/15/23 | | 181 | | 13,239.42 | 178,140.05 | |
| 02/15/24 | | 184 | | 13,290.43 | 164,849.62 | |
| 08/15/24 | | 182 | | 13,368.71 | 151,480.91 | |
| 02/15/25 | | 184 | | 13,426.91 | 138,054.00 | |
| 08/15/25 | | 181 | | 13,503.86 | 124,550.14 | |
| 02/15/26 | | 184 | | 13,560.58 | 110,989.56 | |
| 08/15/26 | | 181 | | 13,638.07 | 97,351.49 | |
| 02/15/27 | | 184 | | 13,697.69 | 83,653.80 | |
| 08/15/27 | | 181 | | 13,773.62 | 69,880.17 | |
| 02/15/28 | | 184 | | 13,836.18 | 56,043.99 | |
| 08/15/28 | | 182 | | 13,909.76 | 42,134.23 | |
| 02/15/29 | | 184 | | 13,976.63 | 28,157.60 | |
| 08/15/29 | | 181 | | 14,048.82 | 14,108.78 | |
| 02/15/30 | | 184 | | 14,108.78 | 0.00 | |
| | | | | 394,354.63 | | |

COMMENTS:

Interest payments shown from February 16, 2014 to February 15, 2015 are computed at 1.00 percent. After February 15, 2015 interest rates will be adjusted to reflect the adjusted interest rate applied on the outstanding principal balance.

IMPORTANT: If payment is made by check, please send the enclosed amortization schedule(s) with check for proper credit. Please make sure that SpA Lockbox CM9695 is on both the check and envelope.

Please mail a copy of the amortization schedule with a check made payable to:

U.S. Bank Trust-SpA Lockbox CM9695
ATTN: Operations Center
1200 Energy Park Drive
St. Paul, MN 55108

OR

Please wire funds to:

U.S. Bank N.A. (Minneapolis)
ABA 091000022
FFC: U.S. Bank Trust N.A.
Account # 180121167365
Wire Clearing Account # 47300023
ATTN: 50364256/996103DKO
INTERCAP: Helena

CERTIFICATE OF APPROPRIATION

COPY

The undersigned Controller hereby certifies with respect to the Loan Agreement (the "Loan Agreement"), dated as of December 5, 2014, by and between the City of Helena (the "Borrower") and the Board of Investments (the "Board") that:

1. The governing body of the Borrower has prepared its budget for fiscal year 2015.
1. The Borrower has included in its budget an amount designated and sufficient to make the Loan Repayments (as defined in the "Loan Agreement") due in fiscal year 2015.

Dated this 5th day of December, 2014.

CITY OF HELENA



By Glenn Jorgenson
Its Controller



CITY OF HELENA

City Attorney's Office
316 North Park Avenue
Helena, MT 59623
Telephone: (406) 457-8595

Kim Sell, Paralegal
ksell@helenamt.gov

Thomas J. Jodoin, City Attorney
tjodoin@helenamt.gov

_____, Deputy City Attorney
_____,@helenamt.gov

Todd Baker, Deputy City Attorney
tbaker@helenamt.gov

Marlene Wiegand, Admin. Clerk I
mwiegand@helenamt.gov

OPINION OF BORROWER'S COUNSEL

December 5, 2014

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

U.S. Bank National Association
Corporate Trust Services PD-WA-T7CT
1420 Fifth Avenue, 7th Floor
Seattle, WA 98101

Ladies and Gentlemen:

I serve as counsel to the City of Helena (the "Borrower") in connection with its participation in the INTERCAP Program (the "Program") of the Board of Investments of the State of Montana (the "Board"). Terms used herein which are defined in the Loan Agreement, dated as of December 5, 2014 (the "Loan Agreement") between the Borrower and the Board shall have the meanings specified therein. The resolution of the Borrower authorizing its participation in the Program and the issuance of its Loan Agreement relating thereto is herein referred to as the Loan Agreement Resolution.

I have examined, among other things:

1. the Borrower Act;
2. the Loan Agreement dated as of December 5, 2014, and executed by the Borrower;
3. the Promissory Note (the "Note") dated as of December 5, 2014, and executed by the Borrower;
4. Resolution No. 20140 of the Borrower, dated November 24, 2014 (the "Loan Agreement Resolution");

5. the proceedings of the Borrower with respect to the due execution and delivery by the Borrower of the Loan Agreement and Note (the Program Documents), and such certificates and other documents relating to the Borrower, the Program Documents and the Loan Agreement Resolution of the Borrower, and have made such other examination of applicable Montana law and a review of the Borrower's actions with respect to applicable ordinances and resolutions as I have deemed necessary in giving this opinion.

Based upon the foregoing, I am of the opinion that:

1. The Borrower is a political subdivision duly organized and validly existing under the laws and Constitution of the State of Montana with full legal right, power and authority to enter into, execute and perform its obligations under the Program Documents and to carry out and effectuate the transactions contemplated thereunder.
2. The execution of the Loan Agreement and Promissory Note have been duly authorized and are valid, binding, and enforceable against the Borrower in accordance with their terms.
3. The Loan Agreement Resolution of the Borrower has been duly adopted and is valid, binding, and enforceable against the Borrower in accordance with its terms.
4. The Borrower has taken all action required to be taken by it to authorize the execution and delivery of and the performance of the obligations contained in the Program Documents; and such authorization is in full force and effect on the date hereof.
5. The Borrower has complied with all applicable competitive bidding requirements for the purchase, acquisition, and construction of the Project.
6. All environmental permits necessary for the construction and continued operation of the Project have been obtained.
7. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court, governmental agency, or public body whatsoever is required to be obtained by the Borrower in connection with the execution, delivery, and performance of the Program Documents or the consummation of the other transactions effected or contemplated thereby.
8. The execution, delivery and performance of the Program Documents, and compliance with the provisions thereof will not conflict with or constitute a breach of, a violation of, or default under, the Constitution of the State of Montana, or any existing law, charter, judgment, ordinance, administrative regulation, decree, order or resolution of or relating to the Borrower and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument, to which the Borrower is a party or by which it is bound or to which it is subject.

Board of Investments
U.S. Bank National Association
December 5, 2014
Page Three

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

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

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Thomas J. Jodoin". The signature is written in a cursive, slightly stylized font.

THOMAS J. JODOIN
Helena City Attorney
TJJ/ks

c: Ronald J. Alles, Helena City Manager