

RESOLUTION NO. 3528

RESOLUTION RELATING TO UP TO \$5,000,000 WATER
SYSTEM REVENUE REFUNDING BONDS, SERIES 2019C;
AUTHORIZING THE ISSUANCE AND CALLING FOR THE
PUBLIC SALE THEREOF

BE IT RESOLVED by the City Council (the "Council") of City of Red Lodge, Montana (the "City"), as follows:

Section 1. Recitals, Authorization.

1.1 Recitals. Under the provisions of Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as amended (the "Act"), the City is authorized to issue and sell its revenue bonds payable during a term not exceeding forty years from their date of issue, to provide funds for the acquisition, purchase, construction, reconstruction, improvement, betterment and extension of its municipal water system (the "System"), and 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 obligation for the payment of which taxes may be levied except to pay for services provided by such system to the City.

In addition, pursuant to Montana Code Annotated, Title 7, Chapter 6, Part 15, as amended (the "Resort Tax Act"), the City is authorized, upon the approval of the electorate of the City, to impose a resort tax on the retail value of certain goods and services sold within the City, and to expend revenues of the resort tax in various ways, including to pledge such revenues to the repayment of bonds of the City issued to finance public facilities, improvements or undertakings.

1.2 Outstanding Bonds. Pursuant to the Act and the Resort Tax Act, the City has issued revenue bonds of the System, including its Amended and Restated Water System Revenue Bond, Series 1998, currently outstanding in the principal amount of approximately \$900,904 (the "Series 1998 Bond"); Water System Revenue Refunding Bond, Series 2008, currently outstanding in the principal amount of approximately \$367,395 (the "Series 2008 Bond"); and Water System Revenue Bond, Series 2009, currently outstanding in the principal amount of approximately \$3,545,387 (the "Series 2009 Bond"). The Series 1998 Bond, Series 2008 Bond and Series 2009 Bond are all payable from and secured by net revenues of the System, which includes a pledge of a portion of the City's resort tax revenues.

1.3 Savings. Based on information provided by AMKO Advisors, acting as municipal advisor to the City ("AMKO Advisors"), the City estimates that it can achieve debt service savings by refunding the outstanding Series 1998 Bond, Series 2008 Bond and Series 2009 Bond.

1.4 Authorization. This Council has investigated the facts and hereby determines that it is necessary, desirable and in the best interests of the City to proceed with the issuance and sale of its Water System Revenue Refunding Bonds, Series 2019C (the "Series 2019C Bonds"), to

provide funds to be used, with other available funds of the City, to prepay, redeem and defease the outstanding Series 1998 Bond, Series 2008 Bond and Series 2009 Bond and to pay costs of issuance, subject to the terms and conditions described herein and in Exhibit A hereto.

Section 2. Terms of the Series 2019C Bonds. Pursuant to the authority described in Section 1, this Council hereby authorizes the issuance and sale of its Series 2019C Bonds in the maximum principal amount of \$5,000,000, subject to adjustment as described below. The Series 2019C Bonds shall be dated, as originally issued, as of October 15, 2019, and shall bear interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2020, at a rate or rates designated by the successful bidder at public sale and approved by this Council. Each interest rate must be expressed in an integral multiple of 1/8 or 1/20 of 1%. The purchase price as stated in the bid proposal for each maturity must be 97.0% or greater. The Series 2019C Bonds shall be offered and sold in accordance with the Terms and Conditions of Sale substantially in the form set forth on Exhibit A hereto, which is incorporated by reference and made a part hereof.

The Series 2019C Bonds shall mature, subject to redemption as hereinafter provided, on July 1 in each of the following years and amounts (unless combined into one or more term bonds), subject to adjustment as described below:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2020	\$ 175,000	2032	\$ 205,000
2021	240,000	2033	210,000
2022	245,000	2034	215,000
2023	250,000	2035	225,000
2024	250,000	2036	230,000
2025	170,000	2037	235,000
2026	175,000	2038	245,000
2027	180,000	2039	200,000
2028	185,000	2040	185,000
2029	190,000	2041	195,000
2030	190,000	2042	200,000
2031	200,000	2043	5,000

The City reserves the right, after bids are opened and prior to award, to increase or decrease the amount of any maturity or maturities in multiples of \$5,000 in order to produce net proceeds to the City of approximately \$4,800,000 and to meet the City’s structuring goals. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Series 2019C Bonds as that of the successful bid. Gross spread for this purpose is the differential between the price paid to the City for the Series 2019C Bonds and the prices at which the bid indicates the Series 2019C Bonds are initially offered to the investing public.

Bidders will have the option of combining the Series 2019C Bonds into one or more term bonds. If any Series 2019C Bonds are issued as term bonds, such term bonds will be subject to

annual mandatory sinking fund redemption in the principal amount set forth in the foregoing schedule on each July 1, concluding no later than July 1, 2045, at a redemption price equal to the principal amount of such Series 2019C Bonds or portions thereof to be redeemed with interest accrued thereon and payable on January 1 and July 1 to the redemption date, in installments and in the same amounts and on the same dates as the Series 2019C Bonds would have matured if they were not included in a term bond.

The Series 2019C Bonds with stated maturities on or after July 1, 2028 will be subject to redemption on July 1, 2027, and any date thereafter, at the option of the City, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date, without premium. If less than all of the Series 2019C Bonds are to be redeemed, the Series 2019C Bonds to be redeemed shall be from such stated maturities and in such principal amounts as the City may designate in writing to the Registrar (or, if no designation is made, in inverse order of maturities and within a maturity in \$5,000 principal amounts selected by the Registrar by lot or other manner it deems fair).

The Series 2019C Bonds shall be in the denomination of \$5,000 each or any integral multiple thereof of single maturities. The Series 2019C Bonds will be issued as fully registered bonds only. The Series 2019C Bonds will be issued in book-entry only form.

Section 3. Public Sale. The Series 2019C Bonds shall be offered and sold at a public competitive sale. Bids for the purchase of the Series 2019C Bonds shall be received by the City by electronic transmission through PARITY[®] pursuant to the instructions set forth in the Terms and Conditions of Sale, in each case until 10:00 a.m., M.T., on September 24, 2019, at which time bids will be opened, tabulated and presented to the Mayor and City Clerk-Treasurer. Subject to the terms and conditions set forth herein, if a responsive and acceptable bid is received, the Mayor and City-Clerk-Treasurer will award sale of the Series 2019C Bonds approximately one hour after the opening of bids. Subject to Section 4, below, award of sale will be made to the bidder with the lowest true interest cost. The City Clerk-Treasurer is authorized and directed to cause notice of the sale of the Series 2019C Bonds to be published, as required by Montana Code Annotated, Sections 7-7-4434 and 17-5-106, in the *Carbon County News* once each week for two successive weeks preceding the week which contains the date of sale. The notice of sale shall be published substantially in the form set forth on Exhibit B to this Resolution.

Section 4. Authorization to Award Sale; Parameters. Following tabulation of the bids as described in Section 3, the Mayor and City-Clerk Treasurer are hereby authorized to award the sale of the Bonds on the terms and at a purchase price subject to the following limitations and conditions: (1) the aggregate principal amount of the Series 2019C Bonds shall not exceed \$5,000,000; (2) the purchase price of each maturity of the Series 2019C Bonds shall not be less than 97% of the principal amount thereof; (3) the debt service payable on the Series 2019C Bonds shall be such that the net present value of debt service savings to be achieved by the refunding is not less than 7.00% of the principal amount of the Refunded Bonds, using the yield of the Series 2019C Bonds as the discount factor, calculated over the term of the Refunded Bonds; (4) the true interest cost on the Series 2019C Bonds shall not exceed 3.50%; (5) the Series 2019C Bonds shall mature not later than July 1, 2045.

Section 5. Official Statement. The Mayor and the City Clerk-Treasurer, in consultation with AMKO Advisors, are hereby authorized and directed to prepare on behalf of the City an Official Statement with respect to the Series 2019C Bonds to be distributed to potential bidders. Such Official Statement shall contain the Terms and Conditions of Sale and such other information as shall be advisable and necessary to describe accurately the City, the System, the terms and conditions of the Series 2019C Bonds and the security therefor. Either of the Mayor or the City Clerk-Treasurer is authorized on behalf of the City to deem the Preliminary Official Statement near “final” as of its date, in accordance with Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934.

Section 6. Continuing Disclosure. In order to permit bidders for the Series 2019C Bonds and other participating underwriters in the primary offering of the Series 2019C Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”), the City will covenant and agree in the Bond Resolution for the benefit of the registered holders and beneficial owners from time to time of the outstanding Series 2019C Bonds, to provide annual reports of specified information and notice of the occurrence of certain events. The City is the only “obligated person” in respect of the Series 2019C Bonds within the meaning of the Rule for the purposes of disclosing information on an ongoing basis. A description of the undertaking will be set forth in the Official Statement. Failure of the City to enter into an undertaking substantially similar to that described in the Official Statement would relieve the successful bidder of its obligation to purchase the Series 2019C Bonds.

Section 7. Proceedings. The City Clerk-Treasurer is hereby authorized and directed to furnish a certified copy of all proceedings taken by the City with respect to the issuance of the Series 2019C Bonds to Dorsey & Whitney LLP, bond counsel to the City, and the original purchaser of the Series 2019C Bonds.

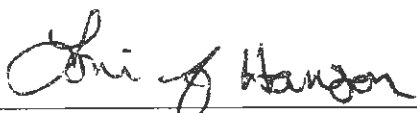
Section 8. Effective Date. This Resolution shall become effective upon passage.

PASSED by the City Council of City of Red Lodge, Montana, this 10th day of September, 2019.



Mayor

Attest:



City Clerk-Treasurer

(SEAL)

EXHIBIT A

TERMS AND CONDITIONS OF SALE

\$4,800,000

Water System Revenue Refunding Bonds, Series 2019C
City of Red Lodge, Montana

The City Council (the "Council") of the City of Red Lodge, Montana (the "City"), will receive bids for the purchase of Water System Revenue Refunding Bonds in the aggregate principal amount of \$4,800,000, subject to adjustment as described below (the "Series 2019C Bonds"), by electronic transmission through PARITY[®], pursuant to the instructions set forth herein, in each case until 10:00 a.m., M.T., on September 24, 2019, at which time bids will be opened, tabulated and presented to the Mayor and City Clerk-Treasurer. Subject to the terms and conditions set forth herein, if a responsive and acceptable bid is received, the Mayor and City-Clerk-Treasurer will award sale of the Series 2019C Bonds approximately one hour after the opening of bids. Award of sale will be made to the bidder with the lowest true interest cost.

SUBMISSION OF BIDS

All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Series 2019C Bonds regardless of the manner in which the proposal is submitted.

Electronic Bidding. Notice is hereby given that electronic bids will be received via PARITY[®]. For purposes of the electronic bidding process, the time as maintained by PARITY[®] shall constitute the official time with respect to all bids submitted to PARITY[®]. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY[®] for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of these Terms and Conditions of Sale.* None of the City, the City's municipal advisor AMKO Advisors, LLC ("AMKO Advisors") or PARITY[®] shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and none of the City, AMKO Advisors or PARITY[®] shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY[®]. The City is using the services of PARITY[®] solely as a communication mechanism to conduct the electronic bidding for the Series 2019C Bonds, and PARITY[®] is not an agent of the City. To the extent any instructions or directions set forth in PARITY[®] conflict with these Terms and Conditions of Sale, these Terms and Conditions of Sale shall control. Further information about PARITY[®], including any fee charged, may be obtained from:

PARITY[®]
1359 Broadway, 2nd Floor
New York, New York 10018
Customer Support: (212) 849-5000

THE SERIES 2019C BONDS

The Series 2019C Bonds shall be dated, as originally issued, as of October 15, 2019, and shall bear interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2020, to the registered owners of the Series 2019C Bonds as such appear in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month, at a rate or rates designated by the successful bidder at public sale and approved by the Council. Each interest rate must be expressed in an integral multiple of 1/8 or 1/20 of 1%. The initial price to the public as stated in the bid proposal for each maturity must be at least 97.0% of the aggregate principal amount of the Series 2019C Bonds of such maturity. All Series 2019C Bonds of the same stated maturity must bear interest from date of original issue until paid at a single, uniform rate. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2019C Bonds shall mature, subject to redemption as hereinafter provided, on July 1 in each of the following years and amounts (unless combined into one or more term bonds), subject to adjustment as described below:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2020	\$ 175,000	2032	\$ 205,000
2021	240,000	2033	210,000
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2026	175,000	2038	245,000
2027	180,000	2039	200,000
2028	185,000	2040	185,000
2029	190,000	2041	195,000
2030	190,000	2042	200,000
2031	200,000	2043	5,000

The City reserves the right, after bids are opened and prior to award, to increase or decrease the amount of any maturity or maturities in multiples of \$5,000 in order to produce net proceeds to the City of approximately \$4,800,000 and to meet the City's structuring goals. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Series 2019C Bonds as that of the successful bid. Gross spread for this purpose is the differential between the price paid to the City for the Series 2019C Bonds and the prices at which the bid indicates the Series 2019C Bonds are initially offered to the investing public.

Bidders will have the option of combining the Series 2019C Bonds into one or more term bonds. If any Series 2019C Bonds are issued as term bonds, such term bonds will be subject to annual mandatory sinking fund redemption in the principal amount set forth in the foregoing schedule on each July 1, concluding no later than July 1, 2045, at a redemption price equal to the principal amount of such Series 2019C Bonds or portions thereof to be redeemed with interest accrued thereon and payable on January 1 and July 1 to the redemption date, in installments and

in the same amounts and on the same dates as the Series 2019C Bonds would have matured if they were not included in a term bond.

The Series 2019C Bonds with stated maturities on or after July 1, 2028 will be subject to redemption on July 1, 2027, and any date thereafter, at the option of the City, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date, without premium. If less than all of the Series 2019C Bonds are to be redeemed, the Series 2019C Bonds to be redeemed shall be from such stated maturities and in such principal amounts as the City may designate in writing to the Registrar (or, if no designation is made, in inverse order of maturities and within a maturity in \$5,000 principal amounts selected by the Registrar by lot or other manner it deems fair).

The Series 2019C Bonds shall be in the denomination of \$5,000 each or any integral multiple thereof of single maturities. The Series 2019C Bonds will be issued as fully registered bonds only. The Series 2019C Bonds will be issued in book-entry only form.

BOOK ENTRY

The Series 2019C Bonds will be issued by means of a book entry system with no physical distribution of Series 2019C Bonds made to the public. The Series 2019C Bonds will be issued in fully registered form and one Series 2019 Bond, representing the aggregate principal amount of the Series 2019C Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository of the Series 2019C Bonds. Individual purchases of the Series 2019C Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity, through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2019C Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners.

PURPOSE AND SECURITY

The City has determined that it is necessary and desirable and in the best interests of the City to issue the Series 2019C Bonds to provide funds to be used, with other available funds of the City, to (i) prepay, redeem and defease the City’s outstanding Amended and Restated Water System Revenue Bond, Series 1998, currently outstanding in the principal amount of approximately \$900,904, Water System Revenue Refunding Bond, Series 2008, currently outstanding in the principal amount of approximately \$367,395, and Water System Revenue Bond, Series 2009, currently outstanding in the principal amount of approximately \$3,545,387; and (ii) pay costs associated with the sale of the Series 2019C Bonds and with the refunding.

The Series 2019C Bonds are special, limited obligations of the City, payable solely from and secured by, equally and ratably with the City’s outstanding Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2019B and any Additional Bonds issued on a parity therewith, the Net Revenues of the System, which include Pledged

Resort Tax Revenues, and secured by the Reserve Account, as provided in the Bond Resolution (all, as defined in the Preliminary Official Statement). The Series 2019C Bonds are not general obligations of the City, and the City's full faith and credit and taxing power are not pledged to the payment of the principal and interest thereon. The Series 2019C Bonds do not constitute an indebtedness of the City or the State of Montana within the meaning of any constitutional or statutory provision. Bidders should consult a copy of the Preliminary Official Statement for a discussion of the security for the Series 2019C Bonds and the form of opinion of bond counsel relating to the Series 2019C Bonds.

CONTINUING DISCLOSURE

In order to permit bidders for the Series 2019C Bonds and other participating underwriters in the primary offering of the Series 2019C Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), the City will covenant and agree in the Bond Resolution for the benefit of the registered holders and beneficial owners from time to time of the outstanding Series 2019C Bonds, to provide annual reports of specified information and notice of the occurrence of certain events. The City is the only "obligated person" in respect of the Series 2019C Bonds within the meaning of the Rule for the purposes of disclosing information on an ongoing basis. A description of the undertaking will be set forth in the Official Statement. Failure of the City to enter into an undertaking substantially similar to that described in the Official Statement would relieve the successful bidder of its obligation to purchase the Series 2019C Bonds.

BIDDING AND SALE PROCEDURES

Submission of Bids. The City will receive bids for the purchase of the Series 2019C Bonds by electronic transmission through PARITY[®] pursuant to the instructions set forth herein. To the extent any instructions or directions set forth in PARITY[®] conflict with these Terms and Conditions of Sale, these Terms and Conditions of Sale shall control.

Basis of Award. Bids shall be for not less than \$4,800,000, plus accrued interest, if any, on the total principal amount of the Series 2019C Bonds. All bidders shall state the lowest rate or rates of interest at which they will purchase the Series 2019C Bonds at the purchase price specified for the Series 2019C Bonds. Bids will be awarded on the basis of true interest cost (calculated from the dated date). The true interest cost will be the rate necessary, when using a 360-day year and semiannual compounding, to discount the debt service payments from the payment dates to the dated date of the Series 2019C Bonds in an amount equal to the price bid. In the event that two or more bids state the lowest true interest cost, the sale of the Series 2019C Bonds will be awarded by lot. The City reserves the right to reject any and all bids and to sell the Series 2019C Bonds at a private or other sale and to waive any informality and irregularity in any and all bids. Each bid must be unconditional (or conditioned on only those items specified in these Terms and Conditions of Sale). No bid may be altered or withdrawn after the time specified above for opening bids. Series 2019C Bonds of the same maturity shall bear a single rate from the date of the Series 2019C Bonds to the date of maturity. No conditional bids will be accepted.

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

The City will select a bank, financial institution or trust company to act as bond registrar, transfer agent and paying agent (the “Registrar”) in connection with the Series 2019C Bonds. The bond register will be kept, transfers of ownership will be effected and principal of and interest on the Series 2019C Bonds will be paid by the Registrar. The City will pay the charges of the Registrar for such services. The City reserves the right to remove the Registrar and to appoint a successor.

LEGAL OPINION

An opinion as to the validity of the Series 2019C Bonds and the exclusion from gross income for federal and Montana income tax purposes of the interest thereon will be furnished by Dorsey & Whitney LLP, of Missoula, Montana, and Minneapolis, Minnesota, as Bond Counsel. The legal opinion will be delivered at the time of closing. The legal opinion will state that the Series 2019C Bonds are valid and binding special, limited obligations of the City enforceable in accordance with their terms, except to the extent to which enforceability thereof may be limited by the exercise of judicial discretion or by state or federal laws relating to bankruptcy, reorganization, moratorium or creditors’ rights.

DELIVERY

On or about October 15, 2019, the City will deliver to the Registrar the printed Series 2019C Bonds for completion, authentication and delivery to The Depository Trust Company (“DTC”), which will act as securities depository for the Series 2019C Bonds. The Series 2019C Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. The successful bidder will not receive physical certificates representing its interest in the Series 2019C Bonds. Payment for the Series 2019C Bonds must be received by the City in immediately available funds at its designated depository on the day of closing.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

In order to establish the issue price of the Series 2019C Bonds for federal income tax purposes, the City requires bidders to agree to the following, and by submitting a bid, each bidder agrees to the following.

If a bid is submitted by a potential underwriter for the Series 2019C Bonds, the bidder confirms that (i) the underwriters for the Series 2019C Bonds have offered or reasonably expect to offer the Series 2019C Bonds to the public on or before the date of the award at the offering price (the “initial offering price”) for each maturity as set forth in the bid and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, third-party distribution agreement or other agreement relating to the initial sale of the Series 2019C Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Series 2019C Bonds with a separate CUSIP number constitute a separate “maturity,” and “the public”

does not include underwriters of the Series 2019C Bonds (including members of a selling group or retail distribution group) or persons related to underwriters of the Series 2019C Bonds.

If, however, a bid is submitted for the bidder's own account in a capacity other than as an underwriter of the Series 2019C Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Series 2019C Bonds, the bidder shall notify the City to that effect at the time it submits its bid and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter of the Series 2019C Bonds, the City shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

If the City advises the successful bidder that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the successful bidder will be required to deliver to the City at or prior to closing a certification, substantially in the form of Annex A attached hereto, as to the reasonably expected initial offering price as of the award date.

If the City advises the successful bidder that the requirements for a competitive sale have not been satisfied and that the hold-the-offering price rule applies, the successful bidder shall (1) upon the request of the City confirm that the underwriters of the Series 2019C Bonds did not offer or sell any maturity of the Series 2019C Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters of the Series 2019C Bonds have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the City a certification substantially in the form of Annex B attached hereto, together with a copy of the pricing wire.

Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by AMKO Advisors.

Bidders should prepare their bids on the assumption that the Series 2019C Bonds will be subject to the "hold-the-offering-price" rule. Any bid submitted pursuant to the Notice of Sale shall be considered a firm offer for the purchase of the Series 2019C Bonds, and bids submitted will not be subject to cancellation or withdrawal.

OFFICIAL STATEMENT

The City will prepare an Official Statement relating to the Series 2019C Bonds which the City will deem to be final as of its date. The City will deliver, at closing, a certificate executed by the Mayor and the City Clerk-Treasurer to the effect that, to the best of their knowledge, as of the date of closing, the information contained in the Official Statement, including any supplement thereto, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading; provided that no comment will be made with respect to any information provided by the successful bidder for inclusion in any supplement to the Official Statement.

By submitting a bid for the Series 2019C Bonds, the successful bidder agrees: (1) to disseminate to all members of the underwriting syndicate copies of the Official Statement, including any supplements prepared by the City, (2) to file promptly a copy of the Official Statement, including any supplement prepared by the City, with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access website ("EMMA"), and (3) to take any and all other actions necessary to comply with applicable rules of the Securities and Exchange Commission and the MSRB governing the offering, sale and delivery of the Series 2019C Bonds to successful bidder.

Within seven business days after the sale the City will furnish to the successful bidder without charge up to 25 copies of the final Official Statement relating to the Series 2019C Bonds. The successful bidder must notify the City Clerk-Treasurer in writing within two business days after the award of sale of the Series 2019C Bonds if it requires additional copies of the Official Statement. The cost of additional copies shall be paid by the successful bidder.

BOND INSURANCE AT PURCHASER'S OPTION

If the Series 2019C Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Series 2019C Bonds.

Any increased costs of issuance of the Series 2019C Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Series 2019C Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser.

Failure of the municipal bond insurer to issue the policy after Series 2019C Bonds have been awarded to the purchaser shall not constitute cause for failure or refusal by the purchaser to accept delivery on the Series 2019C Bonds.

COSTS; CUSIP NUMBERS

The City will pay the fees and charges of its municipal advisor, bond counsel, and Registrar, along with costs of printing the Official Statement. If the Series 2019C Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Series 2019C Bonds, but neither the failure to print such numbers on any Series 2019 Bond nor any error with respect thereto will constitute cause for failure or refusal by the successful bidder to accept delivery of the Series 2019C Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the successful bidder.

RATING

The City has applied for a rating from S&P Global Ratings on the Series 2019C Bonds. If the City obtains such an underlying rating, rating agency fees for obtaining the underlying rating from S&P Global Ratings will be the responsibility of the City.

Dated: September 10, 2019.

BY ORDER OF THE CITY COUNCIL

City Clerk-Treasurer
City of Red Lodge, Montana

ANNEX A

**ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH AT LEAST THREE BIDS
FROM ESTABLISHED UNDERWRITERS**

\$[]
Water System Revenue Refunding Bonds, Series 2019
City of Red Lodge, Montana

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Series 2019C Bonds”).

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Series 2019C Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Series 2019C Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Series 2019C Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Series 2019C Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Series 2019C Bonds.

2. ***Defined Terms.*** For purposes of this Issue Price Certificate:

(a) *Issuer* means City of Red Lodge, Montana.

(b) *Maturity* means Series 2019C Bonds with the same credit and payment terms. Any Series 2019C Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Member of the Distribution Group* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019C Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2019C Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2019C Bonds to the Public).

(d) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital

interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [_____], 2019.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2019C Bonds, and by Dorsey & Whitney LLP in connection with rendering its opinion that the interest on the Series 2019C Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Series 2019C Bonds.

[UNDERWRITER]

By: _____
Name: _____

Dated: [_____], 2019

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

ANNEX B

**ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH FEWER THAN THREE
BIDS FROM ESTABLISHED UNDERWRITERS - HTOP**

\$[]
Water System Revenue Refunding Bonds, Series 2019
City of Red Lodge, Montana

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([SHORT NAME OF UNDERWRITER]) [the “Representative”], on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Series 2019C Bonds”).

1. **Initial Offering Price of the Series 2019C Bonds.** [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Series 2019C Bonds to the Public for purchase at the specified initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire for the Series 2019C Bonds is attached to this certificate as Schedule B.

2. **First Price at which Sold to the Public.** On the Sale Date, at least 10% of each Maturity [listed in Schedule C] was first sold to the Public at the respective Initial Offering Price [or price specified [therein][in Schedule C], if different].

3. **Hold the Offering Price Rule.** [SHORT NAME OF UNDERWRITER][Each member of the Underwriting Group] has agreed in writing that, (i) for each Maturity less than 10% of which was first sold to the Public at a single price as of the Sale Date, it would neither offer nor sell any of the Series 2019C Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any agreement among underwriters, selling group agreement, or retail distribution agreement contains the agreement of each underwriter, dealer, or broker-dealer who is a party to such agreement to comply with the Hold-the-Offering-Price Rule. Based on the [Representative][SHORT NAME OF UNDERWRITER]’s own knowledge and, in the case of sales by other Members of the Distribution Group, representations obtained from the other Members of the Distribution Group, no Member of the Distribution Group has offered or sold any such Maturity at a price that is higher than the respective Initial Offering Price during the respective Holding Period.

4. **Defined Terms.** For purposes of this Issue Price Certificate:

(a) **Holding Period** means the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([], 2019), or (ii) the date on which Members of the Distribution Group have sold at least 10% of such Maturity to the Public at one or more prices, none of which is higher than the Initial Offering Price for such Maturity.

(b) **Issuer** means City of Red Lodge, Montana.

(c) **Maturity** means Series 2019C Bonds with the same credit and payment terms. Any Series 2019C Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) *Member of the Distribution Group* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019C Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2019C Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2019C Bonds to the Public).

(e) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [____], 2019.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDEWRITING FIRM][the Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2019C Bonds, and by Dorsey & Whitney LLP in connection with rendering its opinion that the interest on the Series 2019C Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Series 2019C Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____
Name: _____

Dated: [____], 2019

SCHEDULE A
INITIAL OFFERING PRICES OF THE BONDS
(Attached)

SCHEDULE B
PRICING WIRE
(Attached)

SCHEDULE C
SALES OF AT LEAST 10% OF MATURITY TO THE PUBLIC ON THE SALE DATE
AT THE INITIAL OFFERING PRICE

(Attached)

EXHIBIT B

NOTICE OF BOND SALE

\$4,800,000

Water System Revenue Refunding Bonds, Series 2019
City of Red Lodge, Montana

NOTICE IS HEREBY GIVEN by the City Council (the "Council") of the City of Red Lodge, Montana (the "City"), that the City will receive bids for the purchase of Water System Revenue Refunding Bonds, Series 2019, in the aggregate principal amount of \$4,800,000 (the "Series 2019C Bonds") by electronic transmission through PARITY[®], pursuant to the instructions set forth in the Terms and Conditions of Sale, in each case until 10:00 a.m., M.T., on September 24, 2019, at which time bids will be opened, tabulated and presented to the Mayor and City Clerk-Treasurer. Subject to the Terms and Conditions of Sale, if a responsive and acceptable bid is received, the Mayor and City-Clerk-Treasurer will award sale of the Series 2019C Bonds approximately one hour after the opening of bids. Award of sale will be made to the bidder with the lowest true interest cost.

The City has determined that it is necessary and desirable and in the best interests of the City to issue the Series 2019C Bonds to provide funds to be used, with other available funds of the City, to (i) prepay, redeem and defease the City's outstanding Amended and Restated Water System Revenue Bond, Series 1998, currently outstanding in the principal amount of approximately \$900,904, Water System Revenue Refunding Bond, Series 2008, currently outstanding in the principal amount of approximately \$367,395, and Water System Revenue Bond, Series 2009, currently outstanding in the principal amount of approximately \$3,545,387; and (ii) pay costs associated with the sale of the Series 2019C Bonds and with the refunding.

The Series 2019C Bonds shall be dated, as originally issued, as of October 15, 2019, and shall bear interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2020, to the registered owners of the Series 2019C Bonds as such appear in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month, at a rate or rates designated by the successful bidder at public sale and approved by the Council. Each interest rate must be expressed in an integral multiple of 1/8 or 1/20 of 1%. The initial price to the public as stated in the bid proposal for each maturity must be at least 97.0% of the aggregate principal amount of the Series 2019C Bonds of such maturity. All Series 2019C Bonds of the same stated maturity must bear interest from date of original issue until paid at a single, uniform rate. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2019C Bonds shall mature, subject to redemption as hereinafter provided, on July 1 in each of the following years and amounts (unless combined into one or more term bonds), subject to adjustment as described below:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2020	\$ 175,000	2032	\$ 205,000

2021	240,000	2033	210,000
2022	245,000	2034	215,000
2023	250,000	2035	225,000
2024	250,000	2036	230,000
2025	170,000	2037	235,000
2026	175,000	2038	245,000
2027	180,000	2039	200,000
2028	185,000	2040	185,000
2029	190,000	2041	195,000
2030	190,000	2042	200,000
2031	200,000	2043	5,000

The City reserves the right, after bids are opened and prior to award, to increase or decrease the amount of any maturity or maturities in multiples of \$5,000 in order to produce net proceeds to the City of approximately \$4,800,000 and to meet the City's structuring goals. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Series 2019C Bonds as that of the successful bid. Gross spread for this purpose is the differential between the price paid to the City for the Series 2019C Bonds and the prices at which the bid indicates the Series 2019C Bonds are initially offered to the investing public.

Bidders will have the option of combining the Series 2019C Bonds into one or more term bonds. If any Series 2019C Bonds are issued as term bonds, such term bonds will be subject to annual mandatory sinking fund redemption in the principal amount set forth in the foregoing schedule on each July 1, concluding no later than July 1, 2045, at a redemption price equal to the principal amount of such Series 2019C Bonds or portions thereof to be redeemed with interest accrued thereon and payable on January 1 and July 1 to the redemption date, in installments and in the same amounts and on the same dates as the Series 2019C Bonds would have matured if they were not included in a term bond.

The Series 2019C Bonds with stated maturities on or after July 1, 2028 will be subject to redemption on July 1, 2027, and any date thereafter, at the option of the City, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date, without premium. If less than all of the Series 2019C Bonds are to be redeemed, the Series 2019C Bonds to be redeemed shall be from such stated maturities and in such principal amounts as the City may designate in writing to the Registrar (or, if no designation is made, in inverse order of maturities and within a maturity in \$5,000 principal amounts selected by the Registrar by lot or other manner it deems fair).

The Series 2019C Bonds shall be in the denomination of \$5,000 each or any integral multiple thereof of single maturities. The Series 2019C Bonds will be issued as fully registered bonds only. The Series 2019C Bonds will be issued in book-entry only form.

The City reserves the right to reject any and all bids and to sell the Series 2019C Bonds at a private or other sale.

Copies of the Terms and Conditions of Sale, the Preliminary Official Statement, Official Bid forms and additional information may be obtained through AMKO Advisors, 4201 38th Street SW, Suite 207, Fargo, North Dakota 58104; at facsimile number (844) 272-8191 or by

telephone at (701) 540-6821. Prospective bidders should consult the Terms and Conditions of Sale and the Preliminary Official Statement for a detailed description of the Series 2019C Bonds, the security therefor, and the form of legal opinion proposed to be rendered by Dorsey & Whitney LLP, of Missoula, Montana and Minneapolis, Minnesota, as bond counsel.

Dated: September 10, 2019.

BY ORDER OF THE CITY COUNCIL

City Clerk-Treasurer
City of Red Lodge, Montana

Publish: September 12, 2019
September 19, 2019