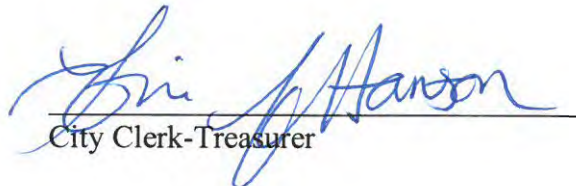


CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Red Lodge, Montana (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. 3533, entitled: "RESOLUTION RELATING TO \$4,695,000 WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2019C; AUTHORIZING THE SALE AND PRESCRIBING THE FORMS AND TERMS THEREOF AND THE SECURITY THEREFOR" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City at a regular meeting on October 8, 2019, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Council Members voted in favor thereof: Dulich, Cameron, Weamer, Westwood, Mahan, Hoffman; voted against the same: _____; abstained from voting thereon: _____; or were absent: _____.

WITNESS my hand officially this 8th day of October, 2019.



City Clerk-Treasurer

RESOLUTION NO. 3533

RESOLUTION RELATING TO \$4,695,000 WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2019C; AUTHORIZING THE SALE AND PRESCRIBING THE FORMS AND TERMS THEREOF AND THE SECURITY THEREFOR

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

Section 1. Definitions, Authorizations and Findings.

1.01. Authorization. Under 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 reconstruction, improvement, betterment and extension of a water system and to issue refunding bonds to refund bonds issued for such purposes; provided that the bonds and the interest thereon are to be payable solely out of the income and revenues to be derived from rates, fees and charges for the services, facilities and commodities furnished by such water system, and are not to create any obligation of the City for the payment of which taxes may be levied except to pay for services provided by the water system to the City.

In addition, under the provisions of Montana Code Annotated, Chapter 6, Part 15, as amended (the "Resort Tax Act"), and pursuant to the approval of the electorate of the City at an election held on November 4, 1997, the City is authorized to impose a resort tax on the retail value of certain goods and services sold within the City and, in accordance with Section 7-7-4424 of the Act, to pledge Resort Tax Revenues (as defined herein) to finance public facilities, improvements or undertakings.

1.02. Prior City Actions. In accordance with the authorization described in Section 1.01, and pursuant to Resolution No. 3252, adopted by the Council on May 13, 2008, as amended and supplemented by Resolution Nos. 3271 and 3517, adopted November 25, 2008 and May 14, 2019, respectively (as so amended and supplemented, the "Prior Resolution"), the City has issued and there are Outstanding its Amended and Restated Water System Revenue Bond, Series 1998 (the "Series 1998 Bond"), Water System Revenue Refunding Bond, Series 2008 (the "Series 2008 Bond"), Water System Revenue Bond, Series 2009 (the "Series 2009 Bond"), Subordinate Lien Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Taxable Series 2019A (the "Series 2019A Bond") and Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2019B (the "Series 2019B Bond").

Pursuant to Resolution No. 3528, adopted by the City Council on September 10, 2019 (the "Authorizing Resolution"), the City determined to issue its Water System Revenue Refunding Bonds, Series 2019C (as further described herein, the "Series 2019C Bonds") to prepay, redeem and defease all of the outstanding Series 1998 Bond, Series 2008 Bond and Series 2009 Bond (collectively, the "Refunded Bonds").

In connection with the refunding of the Refunding Bonds, the City determined that it would be in the best interests of the City to amend and restate the Prior Resolution in its entirety. In furtherance thereof, the City has adopted Resolution No. 3531 on October 8, 2019 (the "Original Resolution"), amending, restating and superseding in its entirety the Prior Resolution. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Original Resolution.

1.03. The Refunding; the Series 2019C Bonds. The Refunded Bonds are held by the USDA. Pursuant to the Prior Resolution, the City reserved the right to prepay or redeem all or any portion of the principal of the Refunded Bonds. The total cost of the Refunding, including costs incidental to the issuance and sale of the Series 2019C Bond, is estimated as follows:

Sources of Funds:

Principal amount of Series 2019C Bonds:	\$ 4,695,000.00
Premium:	94,705.60
City contribution:	<u>407,361.60</u>
Total:	\$ 5,197,067.20

Uses of Funds:

Refunding amount:	\$ 4,829,977.70
Deposit to Reserve Account for Series 2019C Bonds:	181,771.88
Costs of issuance and rounding amount:	<u>185,317.62</u>
Total:	\$ 5,197,067.20

On October 15, 2019, the City will apply \$4,604,387.98 of the proceeds of the Series 2019C Bonds to paying, refunding and redeeming the Refunded Bonds and will apply \$185,317.62 of the proceeds of the Series 2019C Bonds to paying costs of issuance of the Series 2019C Bonds. There is currently \$407,361.60 in the debt service reserve account for the Refunded Bonds, \$181,771.88 of which shall be deposited in the Reserve Account and applied to satisfy the Reserve Requirement for the Series 2019C Bonds and \$225,589.72 of which shall be applied to the refunding of the Refunded Bonds.

The City hereby finds that as a result of issuing the Series 2019C Bonds, including the total costs of refunding the Refunded Bonds, there is a reduction of total debt service to the City. The City hereby finds that the refunding of the Refunded Bonds complies with the requirements of Section 7-7-4502 of the Act.

1.04. Additional Bonds. In Article VII of the Original Resolution, the City reserved the right to issue Additional Bonds payable from and secured by Net Revenues of the System on a parity with the Series 2019B Bond on certain terms and conditions, including the requirement that Net Revenues of the System for the last complete fiscal year preceding the date of issuance of such Additional Bonds equaled at least 120% of the maximum amount of principal and interest payable from the Revenue Bond Account in any subsequent Fiscal Year during the term of the Outstanding Bonds, on all Bonds then Outstanding and on the Additional Bonds proposed to be issued. The Net Revenues of the System for Fiscal Year ended June 30, 2019 were equal to

\$679,378 (\$1,284,390 – \$705,012 + \$100,000), which is more than 120% of the maximum amount of principal and interest payable on the Series 2019B Bond and Series 2019C Bonds in any Fiscal Year (\$435,086 x 120% = \$522,103). Therefore, it is determined that the City is authorized to issue the Series 2019C Bonds in the aggregate principal amount of \$4,695,000 to prepay, refund and defease the Refunded Bonds.

1.05. Authorization and Sale of Series 2019C Bonds. Pursuant to the Authorizing Resolution, this Council authorized and provided for the sale and issuance of its water system revenue refunding bonds in the aggregate principal amount of up to \$5,000,000 to pay, redeem and refund the Refunded Bonds and to pay costs of issuance and of the refunding. Pursuant to such authorization, the City conducted a public sale duly noticed and held, pursuant to which bids were received on October 3, 2019 and the Mayor and City Clerk-Treasurer were presented with tabulated bids on October 4, 2019. Based on such bids and in accordance with the parameters set forth in the Authorizing Resolution, on October 4, 2019 the Mayor and City Clerk-Treasurer awarded the sale of the Series 2019C Bonds to D.A. Davidson & Co., Great Falls, Montana and Seattle, Washington (the “Original Purchaser”), on its bid, which is attached hereto as Exhibit A, to purchase the Series 2019C Bonds at a price of \$4,736,370.40 (representing the principal amount of the Series 2019C Bonds (\$4,695,000, plus original issue premium of \$94,705.60, and less underwriter’s discount of \$53,335.20). The interest rates designated by the Original Purchaser in such bid and set forth in Section 2.01 result in a true interest cost of 2.295861%. The net present value of debt service savings to be achieved by the refunding is 25.91% 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. It is hereby found, determined and declared that the interest rates and other terms of the Original Purchaser’s bid accepted on October 4, 2019 are in accordance with the parameters set forth in the Authorizing Resolution and are hereby approved, and the award of the Series 2019C Bonds to the Original Purchaser is hereby ratified and confirmed. It is now desirable, proper and in the best interest of the City that the form and details of the Series 2019C Bonds be set forth and prescribed in the official proceedings of this Council.

1.06. Bond Insurance. In connection with the issuance of the Series 2019C Bonds, the Original Purchaser has required the City to obtain bond insurance from Build America Mutual Assurance Company (“BAM”). In consideration for BAM’s agreement to insure the Series 2019C Bonds, the City hereby agrees to the provisions set forth in Exhibit D hereto, which are hereby incorporated herein.

The Mayor and City Clerk-Treasurer are hereby authorized and directed to approve, execute and deliver to BAM any documentation necessary for the issuance of the insurance policy for the Series 2019C Bonds.

1.07. Recitals. All acts, conditions and things required by the Constitution and laws of the State to be done, to exist, to happen and to be performed prior to the issuance of the Series 2019C Bonds have been done, do exist, have happened, and have been performed in due time, form and manner, wherefore it is now necessary for this Council to establish the form and terms of the Series 2019C Bonds, to provide for the security thereof and to issue the Series 2019C Bonds forthwith.

Section 2. Bond Terms, Execution and Delivery.

2.01. Term of Series 2019C Bonds. The Series 2019C Bonds shall be designated “Water System Revenue Refunding Bonds, Series 2019C.” The Series 2019C Bonds shall be in denominations of \$5,000 or any integral multiple thereof of single maturities. The Series 2019C Bonds shall mature, subject to redemption as hereinafter provided, on July 1 in the years and amounts listed below, and the Series 2019C Bonds maturing in such years and amounts shall bear interest from date of original issue until paid or duly called for redemption at the rates shown opposite such years and amounts, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2020	\$ 195,000	2.000%	2030	\$ 220,000	2.375%
2021	260,000	2.000	2031	225,000	2.375
2022	265,000	2.000	2032	230,000	2.500
2023	270,000	2.000	2033	235,000	2.500
2024	275,000	2.000	2034	240,000	2.500
2025	195,000	2.000	2035	245,000	2.500
2026	200,000	2.250	2036	250,000	2.500
2027	205,000	2.250	2037	260,000	2.500
2028	210,000	2.250	2039*	500,000	2.500
2029	215,000	2.250			

*Term Bond subject to mandatory sinking fund redemption as set forth in Section 2.07 below.

Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

2.02. Registered Form, Interest Payment Dates. The Series 2019C Bonds shall be issuable only in fully registered form, and the ownership of the Series 2019C Bonds shall be transferred only upon the Bond Register. The interest on the Series 2019C Bonds shall be payable on January 1 and July 1 in each year, commencing January 1, 2020. Interest on the Series 2019C Bonds shall be payable to the Holders thereof as of the close of business on the 15th day of the month immediately preceding each interest payment date, whether or not such day is a Business Day. Interest on, and upon presentation and surrender thereof, the principal of each Series 2019C Bond shall be payable by check or draft issued by or drawn on the Registrar described herein, or, as appropriate, by wire transfer.

2.03. Dated Date. Each Series 2019C Bond shall be dated, as originally issued, as of October 15, 2019, and upon authentication of any Series 2019C Bond the Registrar shall indicate thereon the date of such authentication.

2.04. Registration. The City shall appoint, and shall maintain, a bond registrar, transfer agent and paying agent (the “Registrar”). This Section 2.04 shall establish a system of registration for the Series 2019C Bonds. The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(a) Bond Register. The Registrar shall keep at its principal office a Bond Register in which the Registrar shall provide for the registration of ownership of Series 2019C Bonds and the registration of transfers and exchanges of Series 2019C Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Series 2019C Bonds. Upon surrender to the Registrar for transfer of any Series 2019C Bond duly endorsed by the Holder thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the Holder thereof or by an attorney duly authorized by the Holder in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Series 2019C Bonds of the same series and a like aggregate principal amount, interest rate and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer of any Series 2019C Bond or portion thereof selected or called for redemption.

(c) Exchange of Series 2019C Bonds. Whenever any Series 2019C Bond is surrendered by the Holder for exchange, the Registrar shall authenticate and deliver one or more new Series 2019C Bonds of the same series and a like aggregate principal amount, interest rate and maturity, as requested by the Holder or the Holder's attorney in writing.

(d) Cancellation. All Series 2019C Bonds surrendered upon any transfer or exchange shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When any Series 2019C Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Series 2019C Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Holders. The City and the Registrar may treat the Person in whose name any Series 2019C Bond is at any time registered in the Bond Register as the absolute owner of such Series 2019C Bond, whether such Series 2019C Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on such Series 2019C Bond and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the City upon such Series 2019C Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Series 2019C Bonds (except for an exchange upon a partial redemption of a Series 2019C Bond), the Registrar may impose a charge upon the Holder thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Series 2019C Bonds. In case any Series 2019C Bond shall become mutilated or be lost, stolen or destroyed, the Registrar shall deliver a new Series 2019C Bond of the same series and a like aggregate principal amount, interest rate and maturity in exchange and substitution for and upon cancellation of any such mutilated Series 2019C Bond or in lieu of and in substitution for any such Series 2019C Bond lost, stolen or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Series 2019C Bond lost, stolen or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Series 2019C Bond was lost, stolen or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. All Series 2019C Bonds so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the City. If the mutilated, lost, stolen or destroyed Series 2019C Bond has already matured or such Series 2019C Bond has been called for redemption in accordance with its terms, it shall not be necessary to issue a new Series 2019C Bond prior to payment.

2.05. Appointment of Initial Registrar. The City hereby appoints U.S. Bank National Association, of Salt Lake City, Utah, to act as the Registrar for the Series 2019C Bonds. The City reserves the right to appoint a successor Registrar, but the City agrees to pay the reasonable and customary charges of the Registrar for the services performed. Upon merger or consolidation of a bank or trust company that is acting as the Registrar, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The City reserves the right to remove any Registrar upon 30 days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Series 2019C Bonds in its possession as Registrar to the successor Registrar and shall deliver the Bond Register to the successor Registrar.

2.06. Optional Redemption. The Series 2019C Bonds with Stated Maturities in the years 2020 through 2027 are not subject to redemption prior to their Stated Maturities. The Series 2019C Bonds with Stated Maturities on or after July 1, 2028 are subject to redemption on July 1, 2027 and any date thereafter, at the option of the City, in whole or in part, and if in part 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), at a redemption price equal to the principal amount thereof and interest accrued to the Redemption Date, without premium.

The Redemption Date and the principal amount of the Series 2019C Bonds to be redeemed shall be fixed by the City Clerk-Treasurer who shall give notice thereof to the Registrar at least 35 days prior to the Redemption Date or such lesser period as the Registrar accepts. The Registrar, at least 30 days prior to the designated Redemption Date, shall cause notice of redemption to be mailed, by first class mail, or given by other means required by the securities depository, to the Holders of each Series 2019C Bond to be redeemed at their addresses as they appear on the Bond Register, but no defect in or failure to give such notice shall affect the validity of proceedings for the redemption of any Series 2019C Bond not affected

by such defect or failure. The notice of redemption shall specify the Redemption Date, redemption price, the numbers, interest rates and CUSIP numbers of the Series 2019C Bonds to be redeemed and the place at which the Series 2019C Bonds are to be surrendered for payment, which is the principal office of the Registrar. Official notice of redemption having been given as aforesaid, the Series 2019C Bonds or portions thereof so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified and from and after such date (unless the City shall default in the payment of the redemption price) such Series 2019C Bonds or portions thereof shall cease to bear interest.

2.07. Mandatory Sinking Fund Redemption. The Series 2019C Bonds having a stated maturity in 2039 (the “Term Bonds”) are subject to mandatory sinking fund redemption on July 1, 2038, in the principal amount set forth below, in \$5,000 principal amounts selected by the Registrar, by lot or other manner it deems fair, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the mandatory sinking fund redemption date:

2039 Term Bond	
July 1	Sinking Fund Payment Amount
2038	\$265,000
2039*	235,000

*Stated Maturity.

If the Term Bonds having a stated maturity in 2039 are not previously purchased by the City in the open market or prepaid, \$235,000 in principal amount of such Term Bonds would remain to mature in 2039. The principal amount of such Term Bonds required to be redeemed on the above sinking fund payment dates shall be reduced by the principal amount of such Term Bonds theretofore redeemed at the option of the City and as to which the City has not previously applied amounts to reduce the principal amount of such Term Bonds on a sinking fund payment date.

2.08. Execution and Delivery. The Series 2019C Bonds shall be executed on behalf of the City in accordance with the Original Resolution. When the Series 2019C Bonds have been so executed, they shall be authenticated and registered by the Registrar and delivered to the Original Purchaser upon payment of the purchase price in accordance with the Original Purchaser’s bid. The Original Purchaser shall not be obligated to see to the application of the purchase price.

2.09. Securities Depository for the Series 2019C Bonds.

(a) For purposes of this Section 2.09, the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Series 2019C Bond of which DTC (as hereinafter defined) or its nominee is the Holder, the Person (or subrogee of the Person) recorded as the beneficial owner of such Series 2019C Bond on

the records of the Participant (as hereinafter defined) in whose name DTC holds such Series 2019C Bond.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2019C Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds Series 2019C Bonds as securities depository.

“Representation Letter” shall mean the Blanket Issuer Letter of Representations pursuant to which the City agrees to comply with DTC’s Operational Arrangements.

(b) The Series 2019C Bonds shall be initially issued as separately authenticated fully registered Series 2019C Bonds, and one Series 2019C Bond shall be issued in the principal amount of each Stated Maturity of the Series 2019C Bonds. Upon initial issuance, the ownership of all Series 2019C Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC. The Registrar and the City may treat DTC (or its nominee) as the sole and exclusive Holder of the Series 2019C Bonds registered in its name for the purposes of payment of the principal of or interest on the Series 2019C Bonds, selecting the Series 2019C Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to Holder of Series 2019C Bonds under the Original Resolution or this Supplemental Resolution, registering the transfer of Series 2019C Bonds, and for all other purposes whatsoever; and neither the Registrar nor the City shall be affected by any notice to the contrary. Neither the Registrar nor the City shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Series 2019C Bonds under or through DTC or any Participant, or any other Person which is not shown on the Bond Register as being an Holder, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Series 2019C Bonds, with respect to any notice which is permitted or required to be given to Holders under the Original Resolution or this Supplemental Resolution, with respect to the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the Series 2019C Bonds, or with respect to any consent given or other action taken by DTC as Holder of the Series 2019C Bonds. So long as any Series 2019C Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Series 2019C Bond, and shall give all notices with respect to such Series 2019C Bond, only to Cede & Co. in accordance with the Representation Letter, and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations with respect to the principal of and interest on the Series 2019C Bonds to the extent of the sum or sums so paid. Unless the services of DTC as securities depository with respect to the Series 2019C Bonds are terminated as provided in subsection (c) hereof, no Person other than DTC shall receive an authenticated Series 2019C Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Series 2019C Bonds will be transferable to such new nominee in accordance with subsection (e) hereof.

(c) In the event the City determines to discontinue the book-entry-only system for the Series 2019C Bonds, the City may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Series 2019C Bonds in the form of certificates. In such event, the Series 2019C Bonds will be transferable in accordance with subsection (e) hereof. DTC may determine to discontinue providing its services with respect to the Series 2019C Bonds at any time by giving notice to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Series 2019C Bonds will be transferable in accordance with subsection (e) hereof.

(d) The Representation Letter sets forth certain matters with respect to, among other things, notices, consents and approvals by Holders and Beneficial Owners and payments on the Series 2019C Bonds. The Registrar shall have the same rights with respect to its actions thereunder as it has with respect to its actions under the Original Resolution and this Supplemental Resolution.

(e) In the event that any transfer or exchange of Series 2019C Bonds is permitted under subsection (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Series 2019C Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of the Original Resolution and this Supplemental Resolution. In the event Series 2019C Bonds in the form of certificates are issued to Holders other than Cede & Co., its successor as nominee for DTC as Holder of all the Series 2019C Bonds, or another securities depository as Holder of all the Series 2019C Bonds, the provisions of the Original Resolution and this Supplemental Resolution shall also apply to all matters relating thereto, including, without limitation, the preparation of such Series 2019C Bonds in the form of Series 2019C Bond certificates and the method of payment of principal of and interest on such Series 2019C Bonds in the form of Series 2019C Bond certificates.

2.10. Form of Series 2019C Bonds. The Series 2019C Bonds shall be prepared in substantially the form set forth in Exhibit B hereto and by this reference is made a part hereof.

2.11. Application of Proceeds. On October 15, 2019, the City shall deposit in the Acquisition and Construction Account \$4,961,960.12, representing the purchase price of the Series 2019C Bonds (\$4,736,370.40), plus amounts the City is contributing from the debt service reserve for the Refunded Bonds (\$225,589.72). On October 15, 2019, the USDA will draw \$4,829,977.70, representing payment in full for the principal of and interest on the Refunded Bonds, at which time the Refunded Bonds will be paid, redeemed and defeased. Amounts remaining on hand in the Acquisition and Construction Account following the refunding of the Refunded Bonds shall be used to pay costs of issuance and of the refunding and, to the extent not needed therefor, shall be transferred to the Revenue Bond Account and applied to pay interest on the Series 2019C Bonds on January 1, 2020. In addition, the City shall deposit \$181,771.88 from the debt service reserve for the Refunded Bonds into the Reserve Account, such that the balance in the Reserve Account following such transfer is equal to the Reserve Requirement for the Series 2019C Bonds and the principal amount of the Series 2019B Bond that has been drawn to date.

Section 3. Security for the Series 2019C Bonds. The Series 2019C Bonds are issued under and pursuant to Sections 7.1 and 7.3 of the Original Resolution and shall, with the Series 2019B Bond and any Additional Bonds hereafter issued, be secured, equally and ratably, by a first lien upon the Net Revenues of the System (the Gross Revenues being subject to the prior appropriation thereof to the Operating Account for the payment of Operating Expenses) and secured by the Reserve Account, without preference or priority of any one Bond over any other by reason of serial number, date of issue, series designation or otherwise, all as provided in the Original Resolution. Upon the transfer of funds to the Reserve Account as described in Section 2.11, amounts in the Reserve Account shall equal the Reserve Requirement with respect to the Series 2019C Bonds and the principal amount of the Series 2019B Bond that has been drawn to date. The City shall keep, perform and observe each and every one of its covenants and undertakings set forth in the Original Resolution, as amended and supplemented.

Section 4. Continuing Disclosure. The Council hereby approves the Continuing Disclosure Undertaking of the City substantially in the form of the attached Exhibit C and authorizes the Mayor and the City Clerk-Treasurer, or in the absence of either of them or in the event of their inability to sign, their designees, to execute and deliver the Continuing Disclosure Undertaking on behalf of the City contemporaneously with the date of issuance and delivery of the Series 2019C Bonds, with such changes as may be necessary or appropriate. The signatures of any two authorized officers of the City are adequate to cause the Continuing Disclosure Undertaking to be binding and enforceable on the City.

Section 5. Tax Covenants and Certifications.

5.01. Use of Prior Projects. The Refunded Bonds financed and refinanced certain improvements to the System (collectively, the “Prior Projects”), which have been and will continue to be owned and operated by the City and available for use by members of the general public on a substantially equal basis. The City shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the Prior Projects or security for the payment of the Series 2019C Bonds which might cause the Series 2019C Bonds to be considered “private activity bonds” or “private loan bonds” within the meaning of Section 141 of the Code.

5.02. General Covenant. The City covenants and agrees with the Holders from time to time of the Series 2019C Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Series 2019C Bonds to become includable in gross income for federal income tax purposes under the Code and the Regulations, and covenants to take any and all actions within its powers to ensure that the interest on the Series 2019C Bonds will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

5.03. Arbitrage Certification. The Mayor and the City Clerk-Treasurer, being the officers of the City charged with the responsibility for issuing the Series 2019C Bonds pursuant to the Original Resolution and this Supplemental Resolution, are authorized and directed to execute and deliver to the Original Purchaser, certificates in accordance with the provisions of Section 148 of the Code and Section 1.148-2(b) of the Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Series

2019C Bonds, it is reasonably expected that the proceeds of the Series 2019C Bonds will not be used in a manner that would cause the Series 2019C Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and the Regulations.

5.04. Arbitrage Rebate. The City acknowledges that the Series 2019C Bonds are subject to the rebate requirements of Section 148(f) of the Code. The City covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under said Section 148(f) and applicable Regulations to preserve the exclusion of interest on the Series 2019C Bonds from gross income for federal income tax purposes, unless the Series 2019C Bonds qualify for the exception from the rebate requirement under Section 148(f)(4)(B) of the Code and no “gross proceeds” of the Series 2019C Bonds (other than amounts constituting a “bona fide debt service fund”) arise during or after the expenditure of the original proceeds thereof. In furtherance of the foregoing, the City Clerk-Treasurer and the Mayor are hereby authorized and directed to execute a Rebate Certificate, substantially in the form to be prepared by Bond Counsel, and the City hereby covenants and agrees to observe and perform the covenants and agreements contained therein, unless amended or terminated in accordance with the provisions thereof.

5.05. Information Reporting. The City shall file with the Secretary of the Treasury, not later than February 15, 2020, a statement concerning the Series 2019C Bonds containing the information required by Section 149(e) of the Code.

5.06. “Qualified Tax-Exempt Obligations.” Pursuant to Section 265(b)(3)(B)(ii) of the Code, the City hereby designates the Series 2019C Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. The City has not designated any obligations in 2019 under Section 265(b)(3) other than the Series 2019B Bond. The City hereby represents that it does not anticipate that obligations bearing interest not includable in gross income for purposes of federal income taxation under Section 103 of the Code (including refunding obligations as provided in Section 265(b)(3) of the Code and including “qualified 501(c)(3) bonds” but excluding other “private activity bonds,” as defined in Sections 141(a) and 145(a) of the Code) will be issued by or on behalf of the City and all “subordinate entities” of the City in 2019 in an amount greater than \$10,000,000.

Section 6. Certification of Proceedings.

The officers of the City are hereby authorized and directed to prepare and furnish to the Original Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records of the City, and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Series 2019C Bonds as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

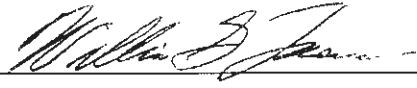
Section 7. Repeals and Effective Date.

7.01. Repeal. All provisions of other resolutions and other actions and proceedings of the City and this Council that are in any way inconsistent with the terms and provisions of this

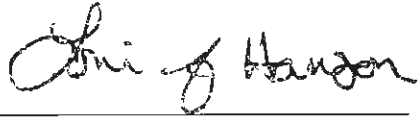
Supplemental Resolution are repealed, amended and rescinded to the full extent necessary to give full force and effect to the provisions of this Supplemental Resolution.

7.02. Effective Date. This Supplemental Resolution shall take effect immediately upon its passage and adoption by this Council.

PASSED AND ADOPTED by the City Council of the City of Red Lodge, Montana, this 8th day of October, 2019.



Mayor



Attest: _____
City Clerk-Treasurer

(SEAL)

The Series 2019C Bonds having a stated maturity in 2039 (the “Term Bonds”) are subject to mandatory sinking fund redemption on July 1, 2038, in the principal amount set forth below, in \$5,000 principal amounts selected by the Registrar, by lot or other manner it deems fair, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the mandatory sinking fund redemption date:

2039 Term Bond	
July 1	Sinking Fund Payment Amount
2038	\$265,000
2039*	235,000

*Stated Maturity.

If the Term Bonds having a stated maturity in 2039 are not previously purchased by the City in the open market or prepaid, \$235,000 in principal amount of such Term Bonds would remain to mature in 2039. The principal amount of such Term Bonds required to be redeemed on the above sinking fund payment dates shall be reduced by the principal amount of such Term Bonds theretofore redeemed at the option of the City and as to which the City has not previously applied amounts to reduce the principal amount of such Term Bonds on a sinking fund payment date.

As provided in the Resolution and subject to certain limitations set forth therein, this Series 2019C Bond is transferable upon the books of the City at the principal office of the Registrar, by the registered owner hereof in person or by its attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney; and may also be surrendered in exchange for Series 2019C Bonds of other authorized denominations. Upon any such transfer or exchange, the City will cause a new Series 2019C Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

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

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

Build America Mutual Assurance Company (“BAM”), New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on this Bond to the Registrar or its successor, as paying agent for the Bonds (the “Paying Agent”). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the

provisions thereof. By its purchase of this Bond, the owner acknowledges and consents (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Resolution or the Series 2019C Bonds, BAM shall be deemed to be the sole owner of the Series 2019C Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Series 2019C Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Resolution, at laws or in equity.

The Series 2019C Bonds have been designated by the City as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the City has duly authorized the refunding and redemption of the Refunded Bonds hereinabove described; that it will prescribe and collect reasonable rates and charges for all services and facilities afforded by the System, including all additions thereto and replacements and improvements thereof, and has created a special Water System Fund into which the Gross Revenues of the System will be paid, and a separate and special Revenue Bond Account in the Water System Fund, into which will be paid each month, from and as a first and prior lien on the Net Revenues of the System then on hand, an amount equal to not less than one-sixth of the interest to become due in the next six months and one-twelfth of the principal to become due within the next twelve months with respect to all Bonds payable semiannually from the Revenue Bond Account; that the City has created a Reserve Account in the Water System Fund into which shall be paid additional Net Revenues, after required credits to the Revenue Bond Account, sufficient to maintain a reserve therein equal to one-half of the maximum amount of principal and interest payable on the Bonds in the current or any future Fiscal Year; that the Revenue Bond Account will be used only to pay the principal of, premium, if any, and interest on the Series 2019B Bond, the Series 2019C Bonds and any other Additional Bonds issued pursuant to the Resolution on a parity therewith; that the rates and charges for the System will from time to time be made and kept sufficient, to provide Gross Revenues adequate to pay promptly the Operating Expenses of the System and to produce during each Fiscal Year Net Revenues not less than 120% of the maximum annual principal and interest payable on the outstanding Bonds in the current or any future Fiscal Year; that Additional Bonds may be issued and made payable from the Revenue Bond Account on a parity with the outstanding Series 2019B Bond and the Series 2019C Bonds upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues of the System, unless the lien thereof shall be expressly made subordinate to the lien of the outstanding Series 2019B Bond and Series 2019C Bonds on such Net Revenues; that all provisions for the security of the holder of this Series 2019C Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the ordinances and resolutions of the City to be done, to exist, to happen and to be performed in order to make this Series 2019C Bond a valid and binding special obligation of the City 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; and that this Series 2019C Bond and the interest hereon are payable solely from the Net Revenues of the System pledged and appropriated to the Revenue Bond Account and do not constitute a debt of the City within the meaning of any constitutional or statutory limitation or provision and the issuance of the Series 2019C Bonds does not cause either the general or the special indebtedness of the City to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City of Red Lodge, Montana, by its governing body, has caused this Bond to be executed by the signatures of its Mayor and City Clerk-Treasurer, and has caused the official seal of the City to be affixed hereto, and has caused this Bond to be dated as of the 15th day of October, 2019.

CITY OF RED LODGE, MONTANA

(Facsimile Signature)
MAYOR

(Facsimile Seal)

(Facsimile Signature)
CITY CLERK-TREASURER

Dated:

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned herein.

U.S. BANK NATIONAL ASSOCIATION,
as Registrar, Transfer Agent, and
Paying Agent

By _____
Authorized Signature

EXHIBIT C

Form of Continuing Disclosure Undertaking

\$4,695,000

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

CONTINUING DISCLOSURE UNDERTAKING

This CONTINUING DISCLOSURE UNDERTAKING is made by the City of Red Lodge, Montana (the “City”) in connection with the issuance and delivery by the City of its \$4,695,000 Water System Revenue Refunding Bonds, Series 2019C (the “Bonds”), as of this 15th day of October, 2019.

(a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit participating underwriters in the primary offering of the 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, as amended (the “Rule”), the City hereby makes the following covenants and agrees, for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds, to provide annual reports of specified information and notice of the occurrence of certain events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system website (“EMMA”), as hereinafter described. The City is the only “obligated person” in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made.

If the City fails to comply with this Continuing Disclosure Undertaking, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of this Continuing Disclosure Undertaking, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder. Notwithstanding anything to the contrary contained herein, in no event shall a default under this Continuing Disclosure Undertaking constitute a default under the Bonds or under any other provision of the Resolution.

As used herein, “Owner” means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, “Beneficial Owner” means, in respect of a Bond, any person or entity that (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

(1) on or before 270 days after the end of each fiscal year of the City, commencing with the fiscal year ending June 30, 2019, the following financial information and operating data in respect of the City (the "Disclosure Information"):

(A) the audited financial statements of the City for such fiscal year, accompanied by the audit report and opinion of the accountant or government auditor relating thereto, as permitted or required by the laws of the State of Montana, containing a balance sheet as of the end of such fiscal year and a statement of operations, changes in fund balances and cash flows for the fiscal year then ended, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Montana law, as in effect from time to time or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof; and

(B) to the extent compiled by the City on a customary basis and publicly available and not included in the financial statements referred to in paragraph (A) above, information of the type set forth below:

(1) updated information regarding any changes in the user rates in a format similar to the table "Water Rates" in the Official Statement;

(2) updated information regarding the number of user accounts for such fiscal year in a format similar to the table "Total User Accounts" in the Official Statement;

(3) the ten largest customers of the System for such fiscal year, substantially in the format as the table in the Official Statement under the heading "Major Water System Customers;" and

(4) information of the type presented in the table in the Official Statement under the heading "Financial Summary."

Notwithstanding anything herein, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within ten days after the receipt thereof, the City shall provide the audited financial statements.

Any or all of the Disclosure Information may be incorporated, if it is updated as required hereby, by reference from other documents, including official statements, which

have been submitted to the MSRB in the manner set forth in subsection (c) hereof. The City shall clearly identify the Disclosure Information in each document so incorporated by reference.

If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be material (as hereinafter defined), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations.

If the Disclosure Information is changed or this Continuing Disclosure Undertaking is amended, then the City shall include in the next Disclosure Information to be delivered pursuant to this Continuing Disclosure Undertaking, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(2) In a timely manner not in excess of ten business days, notice of the occurrence of any of the following events:

- (A) principal and interest payment delinquencies;
- (B) non-payment related defaults, if material;
- (C) unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) substitution of credit or liquidity providers, or their failure to perform;
- (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (G) modifications to rights of holders of the Bonds, if material;
- (H) bond calls, if material, and tender offers;
- (I) defeasances;

(J) release, substitution or sale of property securing repayment of the Bonds, if material;

(K) rating changes;

(L) bankruptcy, insolvency, receivership, or similar event of the obligated person;

(M) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(N) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(O) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or obligated person, any of which affect security holders, if material; and

(P) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City or obligated person, any of which reflect financial difficulties.

An event is “material” if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed in this Bond Resolution or information generally available to the public. Notwithstanding the foregoing sentence, an event is also “material” if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For purposes of paragraphs (O) and (P) above, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of either (i) or (ii). A “financial obligation” does not include municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

(3) In a timely manner, notice of the occurrence of any of the following events or conditions:

(A) the failure of the City to provide the Disclosure Information described above under paragraph (b)(1) above at the time specified thereunder;

(B) the amendment or supplementing of this Continuing Disclosure Undertaking, together with a copy of such amendment or supplement and any explanation provided by the City; and

(C) any change in the fiscal year of the City.

(c) Manner of Disclosure. The City agrees to make available the information described in subsection (b) hereof to the MSRB via EMMA or in a manner as may be otherwise proscribed by the MSRB consistent with the Rule. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(d) Term; Amendments; Interpretation.

(1) This Continuing Disclosure Undertaking shall remain in effect so long as any Bonds are outstanding.

(2) This Continuing Disclosure Undertaking (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (b)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of the City Council filed in the office of the recording officer of the City accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that the Continuing Disclosure Undertaking (and the form and requirements of the Disclosure Information), as so amended or supplemented, will comply with the provisions of paragraph (b)(5) of the Rule, assuming that such provisions apply to the Bonds.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(3) This Continuing Disclosure Undertaking is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so the undertaking would satisfy the requirements of paragraph (b)(5) of the Rule.

Dated: October 15, 2019

CITY OF RED LODGE, MONTANA

By _____
Mayor

By _____
City Clerk-Treasurer

EXHIBIT D

- 1) Notice and Other Information to be given to BAM. The Issuer will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement and (ii) to the holders of Insured Obligations under the Security Documents.

The notice address of BAM is: Build America Mutual Assurance Company, 200 Liberty Street, 27th Floor, New York, NY 10281, Attention: Surveillance, Re: Policy No. _____, Telephone: (212) 235-2500, Telecopier: (212) 235-1542, Email: notices@buildamerica.com. In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 235-5214 and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

- 2) Defeasance. The investments in the defeasance escrow relating to Insured Obligation shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by BAM.

At least (three) 3 Business Days prior to any defeasance with respect to the Insured Obligations, the Issuer shall deliver to BAM draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Insured Obligations, a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to BAM and shall be in form and substance satisfactory to BAM. In addition, the escrow agreement shall provide that:

- a) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Insured Obligations is excludable) from gross income of the holders of the Insured Obligations of the interest on the Insured Obligations for federal income tax purposes and the prior written consent of BAM, which consent will not be unreasonably withheld.
- b) The Issuer will not exercise any prior optional redemption of Insured Obligations secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.
- c) The Issuer shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

3) Paying Agent.

- a) BAM shall receive prior written notice of any name change of the paying agent (the “Paying Agent”) for the Insured Obligations or the resignation or removal of the Paying Agent. Any trustee for the Insured Obligations must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by BAM in writing.
- b) No removal, resignation or termination of the Paying Agent shall take effect until a successor, meeting the requirements above or acceptable to BAM, shall be qualified and appointed.

4) Amendments, Supplements and Consents. BAM’s prior written consent is required for all amendments and supplements to the Security Documents, with the exceptions noted below. The Issuer shall send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the Insured Obligations.

- a) *Consent of BAM.* Any amendments or supplements to the Security Documents shall require the prior written consent of BAM with the exception of amendments or supplements:
 - i. To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or
 - ii. To grant or confer upon the holders of the Insured Obligations any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Insured Obligations, or
 - iii. To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Security Documents other conditions, limitations and restrictions thereafter to be observed, or
 - iv. To add to the covenants and agreements of the Issuer in the Security Documents other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power therein reserved to or conferred upon the Issuer.
 - v. To issue additional debt in accordance with the requirements set forth in the Security Documents (unless otherwise specified herein).
- b) *Consent of BAM in Addition to Bondholder Consent.* Any amendment, supplement, modification to, or waiver of, any of the Security Documents that requires the consent of holders of the Insured Obligations or adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.
- c) *Insolvency.* Any reorganization or liquidation plan with respect to the Issuer must be

acceptable to BAM. Each owner of the Insured Obligations hereby appoints BAM as their agent and attorney-in-fact with respect to the Insured Obligations and agree that BAM may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each owner of the Insured Obligations delegates and assigns to BAM, to the fullest extent permitted by law, the rights of each owner of the Insured Obligations with respect to the Insured Obligations in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

- d) *Control by BAM Upon Default.* Anything in the Security Documents to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Obligations or the Paying Agent for the benefit of the holders of the Insured Obligations under any Security Document. No default or event of default may be waived without BAM's written consent.
- e) *BAM as Owner.* Upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole owner of the Insured Obligations for all purposes under the Security Documents, including, without limitations, for purposes of exercising remedies and approving amendments.
- f) *Consent of BAM for acceleration.* BAM's prior written consent is required as a condition precedent to and in all instances of acceleration.
- g) *Grace Period for Payment Defaults.* No grace period shall be permitted for payment defaults on the Insured Obligations. No grace period for a covenant default shall exceed 30 days without the prior written consent of BAM.
- h) *Special Provisions for Insurer Default.* If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs 4(a)-(e) above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other holder of the Insured Obligations for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, "Insurer Default" means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or

any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

5) Loan/Lease/Financing Agreement.

- a) The security for the Insured Obligations shall include a pledge and assignment of any agreement with any underlying obligor that is a source of payment for the Insured Obligations (a "Financing Agreement") and a default under any Financing Agreement shall constitute an Event of Default under the Security Documents. In accordance with the foregoing, any such Financing Agreement is hereby pledged and assigned to the Paying Agent for the benefit of the holders of the Insured Obligations.
- b) Any payments by the Obligor under the Financing Agreement that will be applied to the payment of debt service on the Insured Obligations shall be made directly to the Paying Agent at least fifteen (15) days prior to each debt service payment date for the Insured Obligations.

6) BAM As Third Party Beneficiary. BAM is recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce the provisions of the Security Documents as if it were a party thereto.

7) Payment Procedure Under the Policy.

In the event that principal and/or interest due on the Insured Obligations shall be paid by BAM pursuant to the Policy, the Insured Obligations shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, the assignment and pledge of the trust estate, if any, and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such registered owners.

In the event that on the second (2nd) business day prior to any payment date on the Insured Obligations, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the Insured Obligations due on such payment date, the Paying Agent shall immediately notify BAM or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent shall so notify BAM or its designee.

In addition, if the Paying Agent has notice that any holder of the Insured Obligations has been

required to disgorge payments of principal of or interest on the Insured Obligations pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Paying Agent shall notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of BAM.

The Paying Agent shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Insured Obligations as follows:

- a) If there is a deficiency in amounts required to pay interest and/or principal on the Insured Obligations, the Paying Agent shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holders of the Insured Obligations in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the Insured Obligations, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment from BAM with respect to the claims for interest so assigned, (iii) segregate all such payments in a separate account (the "BAM Policy Payment Account") to only be used to make scheduled payments of principal of and interest on the Insured Obligation, and (iv) disburse the same to such respective holders; and
- b) If there is a deficiency in amounts required to pay principal of the Insured Obligations, the Paying Agent shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holder of the Insured Obligations in any legal proceeding related to the payment of such principal and an assignment to BAM of the Insured Obligations surrendered to BAM, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefore from BAM, (iii) segregate all such payments in the BAM Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Insured Obligation, and (iv) disburse the same to such holders.

The Paying Agent shall designate any portion of payment of principal on Insured Obligations paid by BAM, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Obligations registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Obligation to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Insured Obligation shall have no effect on the amount of principal or interest payable by the Issuer on any Insured Obligation or the subrogation or assignment rights of BAM.

Payments with respect to claims for interest on and principal of Insured Obligations disbursed by the Paying Agent from proceeds of the Policy shall not be considered to discharge the obligation of the Issuer with respect to such Insured Obligations, and BAM shall become the owner of such unpaid Insured Obligations and claims for the interest in accordance with the tenor of the

assignment made to it under the provisions of the preceding paragraphs or otherwise. The Security Documents shall not be discharged or terminated unless all amounts due or to become due to BAM have been paid in full or duly provided for.

Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent agree for the benefit of BAM that:

- a) They recognize that to the extent BAM makes payments directly or indirectly (*e.g.*, by paying through the Paying Agent), on account of principal of or interest on the Insured Obligations, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Issuer, with interest thereon, as provided and solely from the sources stated in the Security Documents and the Insured Obligations; and
 - b) They will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Insured Obligations, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Obligations to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.
- 8) Additional Payments. The Issuer agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Security Documents ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The Issuer agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Notwithstanding anything herein to the contrary, the Issuer agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Policy ("BAM Policy Payment"); and (ii) interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the Issuer, payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. Notwithstanding anything to the contrary, including without limitation the post default application of revenue provisions, BAM Reimbursement Amounts shall be, and the Issuer hereby covenants and agrees that the BAM Reimbursement Amounts are, payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Insured Obligations on a parity with debt service due on the Insured Obligations.

- 9) Reserve Account. The prior written consent of BAM shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Account. Amounts on deposit in the Reserve Account shall be applied solely to the payment of debt

service due on the Bonds, in accordance with the Security Documents.

- 10) Exercise of Rights by BAM. The rights granted to BAM under the Security Documents to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of the BAM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Obligations and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the Insured Obligations or any other person is required in addition to the consent of BAM.
- 11) BAM shall be entitled to pay principal or interest on the Insured Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Policy) and any amounts due on the Insured Obligations as a result of acceleration of the maturity thereof in accordance with the Security Documents, whether or not BAM has received a claim upon the Policy.
- 12) So long as the Insured Obligations are outstanding or any amounts are due and payable to BAM, the Issuer shall not sell, lease, transfer, encumber or otherwise dispose of the System or any material portion thereof, except upon obtaining the prior written consent of BAM.
- 13) No contract shall be entered into or any action taken by which the rights of BAM or security for or source of payment of the Insured Obligations may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of BAM.
- 14) If an event of default occurs under any agreement pursuant to which any Obligation of the Issuer has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Insured Obligations or BAM, as BAM may determine in its sole discretion, then an event of default shall be deemed to have occurred under the Security Documents for which BAM shall be entitled to exercise all available remedies under the Security Documents, at law and in equity. For purposes of the foregoing "Obligation" shall mean any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Insured Obligations.

15) Definitions.

"BAM" shall mean Build America Mutual Assurance Company, or any successor thereto.

"Insured Obligations" shall mean the Series 2019C Bonds.

"Issuer" shall mean the City.

"Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan

Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Obligations and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

“Policy” shall mean the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Insured Obligations when due.

“Security Documents” shall mean the resolution, trust agreement, indenture, ordinance, loan agreement, lease agreement, bond, note, certificate and/or any additional or supplemental document executed in connection with the Insured Obligations.

EXHIBIT A

OFFICIAL BID FORM

CITY OF RED LODGE

CARBON COUNTY, MONTANA

\$4,695,000

Water System Revenue Refunding Bonds, Series 2019C

October 4, 2019

Honorable Mayor and Council Members
 City of Red Lodge
 1 South Platt Avenue
 Red Lodge, MT 59068

HONORABLE MAYOR AND COUNCIL MEMBERS:

For the City's \$4,695,000 Water System Revenue Refunding Bonds, Series 2019C, dated the date of delivery, we will pay you \$4,736,370.40, for Bonds paying interest on January 1, 2020, and each January 1 and July 1, thereafter, and maturing on July 1, as follows:

MATURITY SCHEDULE

Year	Amount	Interest Rate	Yield	CUSIP	Year	Amount	Interest Rate	Yield	CUSIP
2020	\$195,000	2.000%	1.480%	756783A AA4	2029	\$215,000	2.250%	1.810%*	756783A AK2
2021	\$260,000	2.000%	1.490%	756783A AB2	2030	\$220,000	2.375%	1.900%*	756783A AL0
2022	\$265,000	2.000%	1.500%	756783A AC0	2031	\$225,000	2.375%	2.000%*	756783A AM8
2023	\$270,000	2.000%	1.520%	756783A AD8	2032	\$230,000	2.500%	2.050%*	756783A AN6
2024	\$275,000	2.000%	1.540%	756783A AE6	2033	\$235,000	2.500%	2.130%*	756783A AP1
2025	\$195,000	2.000%	1.560%	756783A AF3	2034	\$240,000	2.500%	2.200%*	756783A AQ9
2026	\$200,000	2.250%	1.620%	756783A AG1	2035	\$245,000	2.500%	2.250%*	756783A AR7
2027	\$205,000	2.250%	1.670%	756783A AH9	2036	\$250,000	2.500%	2.300%*	756783A AS5
2028	\$210,000	2.250%	1.740%*	756783A AJ5	2037	\$260,000	2.500%	2.370%*	756783A AT3
		\$500,000	2.500%	Term Bond Due July 1, 2039			Yield: 2.500%	CUSIP: 756783A AV8	

*Priced to call on July 1, 2027

This proposal is subject to the approving legal opinion of Dorsey & Whitney LLP, Missoula, Montana. We understand that the said legal opinion will be provided to use without cost, all in accordance with the Official Terms of Offering.

This proposal is for prompt acceptance and for anticipated delivery of said Bonds within 30 days (anticipated delivery October 15, 2019).

Respectfully,
 Account Manager

D.A. Davidson & Co

By: [Signature]
 Telephone No. 206-903-8664

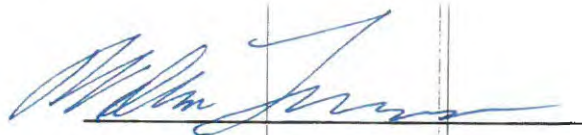
FOR INFORMATION PURPOSES:

Total True Interest Cost \$ 1,122,816.01

Total Interest Cost 2.29586%


Account members on back

The foregoing proposal is hereby accepted by and on behalf of the CITY OF RED LODGE, CARBON COUNTY, MONTANA, this 4th day of October, 2019 at 10:30 a.m.



Mayor

ATTEST:



City Clerk/Treasurer

CITY OF RED LODGE, CARBON COUNTY, MONTANA

Account Members: D.A. Davidson - Alone

EXHIBIT B

[FORM OF SERIES 2019C BOND]

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF CARBON

CITY OF RED LODGE

WATER SYSTEM REVENUE REFUNDING BOND
SERIES 2019C

No. R- _____ \$ _____

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
%	July 1,	October 15, 2019	[]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS AND NO/100

FOR VALUE RECEIVED, CITY OF RED LODGE, MONTANA (the "City"), a duly organized municipal corporation and political subdivision of the State of Montana, acknowledges itself to be specially indebted and, for value received, hereby promises to pay to the registered owner named above, or registered assigns, solely from the Revenue Bond Account of its Water System Fund, the principal amount specified above on the maturity date specified above or, if this Bond is prepayable as stated herein, on any date prior thereto on which this Bond shall have been duly called for redemption, with interest thereon from the date of original issue set forth above or from such later date to which interest has been paid or duly provided for at the rate specified above. Principal of this Bond is payable upon presentation and surrender hereof to U.S. Bank National Association, of Salt Lake City, Utah, as registrar, transfer agent and paying agent, or its successor designated under the Resolution described herein (the "Registrar"), at its operations center in St. Paul, Minnesota. The interest on this Bond shall be payable on January 1 and July 1 in each year, commencing January 1, 2020. Interest on the Series 2019C Bonds shall be payable to the owners of record thereof as such appear on the Bond Register as of the close of business on the 15th day of the month immediately preceding each interest payment date, whether or not such day is a Business Day. Interest on, and upon presentation and surrender thereof, the principal of this Bond shall be payable by check or draft issued by or drawn on the Registrar or, as appropriate, by wire transfer. The principal of and interest on this Bond are payable in lawful money of the United States of America. Interest shall be calculated on the basis of a 360-day year comprising 12 months of 30 days each.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other

nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the City.

This Bond is one of an issue of Water System Revenue Bonds of the City authorized to be issued in one or more series from time to time, and constitutes a series in the maximum authorized principal amount of \$4,695,000 (the "Series 2019C Bonds"). The Series 2019C Bonds are issued to refund the City's outstanding First Amended and Restated Water System Revenue Bond, Series 1998, Water System Revenue Refunding Bond, Series 2008 and Water System Revenue Bond, Series 2009 (collectively, the "Refunded Bonds"), and to pay costs of issuance of the Series 2019C Bonds. The Series 2019C Bonds are issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as amended, and Resolution No. 3531 (the "Original Resolution"), adopted by the City Council on October 8, 2019, as amended and supplemented by Resolution No. 3533, adopted October 8, 2019 (as so amended and supplemented, the "Resolution"), to which Resolution, copies of which are on file with the City, reference is hereby made for a description of the nature and extent of the security, the respective rights thereunder of the Holders of the Series 2019C Bonds and the City and the terms upon which the Series 2019C Bonds are to be issued and delivered. Terms used with initial capital letters but not defined herein have the meanings given them in the Resolution. The Series 2019C Bonds are issuable as a series, all of like date of original issue and tenor except as to serial number, denomination, date, interest rate, maturity date and redemption privilege. The Series 2019C Bonds are issued on a parity and are equally and ratably secured by Net Revenues of the System with the City's outstanding Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2019B (the "Series 2019B Bond"). The City has issued and there is Outstanding its Subordinate Lien Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Taxable Series 2019A (the "Series 2019A Bond"). The Series 2019A Bond was issued as a Subordinate Obligation, and the City expects that its obligation to repay the principal of and interest on the Series 2019A Bond will be forgiven.

Reference is made to the Resolution for a more complete statement of the terms and conditions upon which the Series 2019C Bonds have been issued, the Net Revenues of the System pledged and appropriated for the payment and security thereof, the conditions upon which Additional Bonds may be issued under the Resolution and made payable from such Net Revenues on a parity with the Series 2019B Bond and the Series 2019C Bonds or otherwise, the conditions upon which the Resolution may be amended, the rights, duties and obligations of the City, and the rights of the owners of the Series 2019C Bonds.

The Series 2019C Bonds with stated maturities in the years 2020 through 2027 are not subject to redemption prior to their stated maturities. The Series 2019C Bonds with stated maturities on or after July 1, 2028 are subject to redemption on July 1, 2027 and any date thereafter, at the option of the City, in whole or in part, and if in part 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), at a redemption price equal to the principal amount thereof and interest accrued to the Redemption Date, without premium.