

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of City of Red Lodge, Montana (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. 3574 entitled: "RESOLUTION RELATING TO \$1,492,000 RESORT TAX REVENUE BOND (SWIMMING POOL PROJECT), SERIES 2021; AUTHORIZING THE ISSUANCE AND FIXING TERMS AND CONDITIONS THEREOF, CREATING SPECIAL FUNDS AND ACCOUNTS AND PLEDGING CERTAIN REVENUES AS SECURITY FOR SUCH BONDS AND ANY ADDITIONAL BONDS" (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 meeting on April 27, 2021, and that the meeting was duly held by the City Council of the City 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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: Critelli, Heaton, Mahan,

Lyman, Westwood, Whistler; voted against the same: none

_____ ; abstained from voting thereon: none

_____ ; or were absent: none

_____.

WITNESS my hand and seal officially this 27th day of April, 2021.



City Clerk-Treasurer

(SEAL)

RESOLUTION NO. 3574

RESOLUTION RELATING TO \$1,492,000 RESORT TAX REVENUE BOND (SWIMMING POOL PROJECT), SERIES 2021; AUTHORIZING THE ISSUANCE AND FIXING TERMS AND CONDITIONS THEREOF, CREATING SPECIAL FUNDS AND ACCOUNTS AND PLEDGING CERTAIN REVENUES AS SECURITY FOR SUCH BONDS AND ANY ADDITIONAL BONDS

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. Definitions. The terms defined in this Section 1.01 shall for all purposes of this Resolution have the meanings herein specified, unless the context clearly otherwise requires:

Act means Montana Code Annotated, Title 7, Chapter 6, Part 15, as currently in effect and as hereafter amended or supplemented.

Additional Bonds means any Bonds issued pursuant to Sections 4.01, 4.02 and/or 4.03.

Auditor means a federal, state or local government auditor who meets the standards specified in the government auditing standards or an accountant licensed to practice in Montana who meets the standards specified in the government auditing standards.

Bonds means the Series 2021 Bond, the Water Obligation, the Sewer Obligation and any Additional Bonds.

Bond Account means the account created in Section 5.03 of this Resolution.

Bond Counsel means any firm of nationally recognized bond counsel experienced in matters relating to tax-exempt financing, selected by the City.

Bondholder means the Person in whose name the Bond is registered in the Bond Register.

Bond Register means the register maintained by the Registrar.

Budget means the annual municipal budget approved by the City Council pursuant to Title 7, Chapter 6, Part 40, Montana Code Annotated.

Business Day means any day other than a Saturday, Sunday or other day on which commercial banks in the City are not open for business.

City means the City of Red Lodge, Montana, and its successors and assigns.

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

Construction Account means the account created in Section 5.02 of this Resolution.

Council means the City Council of the City or any successor governing body thereof.

Fiscal Year means the period commencing on the first day of July of any year and ending on the last day of June of the next year, or any other specified twelve-month period, authorized by law as the City's fiscal year.

Government Obligations means direct obligations of or obligations the principal of and the interest on which are fully and unconditionally guaranteed as to payment by the United States of America or money market funds invested in such obligations.

Holder means a Bondholder or a Noteholder.

Maturity means, when used with respect to any Bond or Note, the date on which the principal of a Bond or Note becomes due and payable as therein or herein provided, whether at the stated maturity or by declaration of acceleration, call for redemption or otherwise.

Net Revenues means the Resort Tax Revenues less the Property Tax Relief Amount.

Notes means any Notes issued pursuant to any Supplemental Resolution in accordance with Section 4.05.

Noteholder means the Person in whose name a Note is registered in the Note Register.

Note Account means the account identified in Section 5.06.

Note Register means the note register maintained by the Registrar pursuant to a Supplemental Resolution.

Obligations means Bonds and/or Notes.

Opinion of Counsel means a written opinion of counsel, who may (except as otherwise expressly provided in this Resolution) be counsel for the City.

Original Purchaser means, with respect to any series of Bonds, the original purchaser of such series of Bonds. The Original Purchaser of the Series 2021 Bond is Bank of Red Lodge, a Branch of Bank of Bridger, in Red Lodge Montana.

Outstanding means, when used with reference to Bonds or Notes, as of the date of determination, all Bonds or Notes theretofore issued and delivered under this Resolution except:

(i) Bonds or Notes theretofore cancelled by the City or delivered to the City cancelled or for cancellation;

(ii) Bonds and portions of Bonds or Notes and portions of Notes for whose payment or redemption moneys or Government Obligations shall have been theretofore deposited in trust for the Holders of such Bonds or Notes; provided, however, that if such Bonds or Notes are to be redeemed, notice of such redemption shall have been duly given pursuant to this Resolution or irrevocable instructions to call such Bonds or Notes for redemption at a stated Redemption Date shall have been given to the City; and

(iii) Bonds or Notes in exchange for or in lieu of which other Bonds or Notes shall have been issued and delivered pursuant to this Resolution;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Bonds or Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds or Notes owned by the City shall be disregarded and deemed not to be Outstanding.

Person means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Payment Date means each date provided in this Resolution or a Supplemental Resolution for the payment of principal of or interest on a Bond or a Note.

Project means a project authorized to be financed under the Act and the Resort Tax Ordinance, the costs of which are to be paid, in whole or in part, from proceeds of Bonds or Notes issued hereunder, including the Swimming Pool Project.

Property Tax Relief Amount means an amount equal for any Fiscal Year to the sum of (i) 5% of the Resort Tax Revenues received during the immediately preceding Fiscal Year, and (ii) the amount by which Resort Tax Revenues collected during the Fiscal Year exceeds the amount included in the Budget for such Fiscal Year determined in accordance with Section 6.04 hereof.

Qualified Investments means those obligations and securities set forth in Section 5.06 hereof, in which moneys from time to time in the Resort Tax Fund may be invested.

Redemption Date when used with respect to any Bond or Note to be redeemed means the date on which it is to be redeemed pursuant to this Resolution and any Supplemental Resolution.

Redemption Price when used with respect to any Bond or Note to be redeemed means the price at which it is to be redeemed pursuant to this Resolution and any Supplemental Resolution.

Registrar means the Person or Persons designated by or pursuant to this Resolution or a Supplemental Resolution to receive and disburse the principal of, premium, if any, and interest on Bonds or Notes on behalf of the City and to hold and maintain the Bond Register or Note Register.

Reserve Account means the account created pursuant to Section 5.04 hereof.

Reserve Requirement means an amount equal to the least of: (i) 10% of the principal amount of the Bonds secured by the Reserve Account; (ii) the maximum annual debt service on the Bonds secured by the Reserve Account; and (iii) 125% average annual debt service on the Bonds secured by the Reserve Account.

Resort Tax means the 3.0% tax imposed by the City pursuant to the Act and the Resort Tax Ordinance on the retail value of goods and services sold within the City by certain establishments as defined in and subject to the limitations and conditions set forth in the Act and the Resort Tax Ordinance. For the avoidance of doubt, "Resort Tax" does not include any additional resort taxes, including, without limitation, resort taxes, if any, levied in an amount of up to 1.0% for infrastructure pursuant to Section 7-6-1503(1)(b), M.C.A.

Resort Tax Act means Montana Code Annotated, Title 7, Chapter 6, Part 15, as amended.

Resort Tax Ordinance means Ordinance No. 952, adopted by the City and effective as of July 23, 2020.

Resort Tax Revenues means the revenues derived from the resort tax levied by the City pursuant to the Resort Tax Act and the Resort Tax Ordinance.

Series 2021 Bond means the City's Resort Tax Revenue Bond (Swimming Pool Project), Series 2021, issued in the principal amount of \$1,492,000 pursuant to this Resolution.

Sewer Obligation means the pledge of Net Revenues to the City's Sewer System Fund in an annual amount equal to the lesser of (1) \$150,000, or (2) the maximum amount that may be appropriated for the sewer

system in a Fiscal Year under the Resort Tax Act and the Resort Tax Ordinance. The Sewer Obligation is not secured by the Reserve Account.

Swimming Pool Project has the meaning given in Section 1.05 hereof.

Subordinate Obligations means obligations issued pursuant to Section 4.04.

Supplemental Resolution means any resolution supplemental to this Resolution adopted pursuant to Section 8 hereof.

Water Obligation means the pledge of Net Revenues to the City's Water System Fund in an annual amount equal to the lesser of (1) \$100,000, or (2) the maximum amount that may be appropriated in a Fiscal Year for the Water System under the Resort Tax Ordinances of the City governing the application of Resort Tax Revenues and the Resort Tax Act. The Water Obligation is not secured by the Reserve Account.

1.02. Rules of Interpretation.

A. This "Resolution" means this instrument as originally adopted or as it may from time to time be amended or supplemented pursuant to the applicable provisions hereof.

B. All references in this instrument to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of this instrument as originally adopted.

C. The words "herein," "hereof" and "hereunder" and other words of similar import without reference to any particular Section or subdivision refer to this Resolution as a whole and not to any particular Section or other subdivision unless the context clearly indicates otherwise.

D. The terms defined in this Section shall include the plural as well as the singular.

E. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles applicable to governmental entities.

F. All computations provided herein shall be made in accordance with generally accepted accounting principles applicable to governmental entities consistently applied.

1.03. Authorization. Under the provisions of the Act, the City is authorized, upon the approval of the electorate of the City, to impose a resort tax on the retail value of goods and services sold within the City by (i) hotels, motels and other lodging or camping facilities; (ii) restaurants, fast food stores, and other food service establishments; (iii) taverns, bars, night clubs, lounges and other public establishments that serve beer, wine, liquor or other alcoholic beverages by the drink; and (iv) establishments selling luxuries, and to appropriate and expend revenue from a resort tax for any activity, undertaking, or administrative service authorized in the Resort Tax Ordinance, and issue bonds to provide, install, or construct public facilities, improvements, or capital projects and pledge for repayment of the bonds the revenue derived from the resort tax.

1.04. Prior City Actions. On November 4, 1997, the electorate of the City authorized the City to impose the Resort Tax, commencing January 1, 1998, at a rate of 3.00% for a period of 25 years. On June 2, 2020, the electorate of the City extended the authorization of the City to impose the Resort Tax at a rate of 3.00% for a period of 25 years (i.e., concluding July 9, 2045) and modified the permissible uses of the Resort Tax Revenues. Pursuant to the June 2, 2020 election and the Resort Tax Ordinance, of the Resort Tax Revenues collected by the City, 5% are to be used for property tax relief and the remaining 95% (the "Pledged Resort Tax Revenues") are to be used for capital improvements to streets, alleys, water, sewer, stormwater, emergency services, urban forestry, trails, parks, recreational facilities, city beautification, and debt repayment and operational and

maintenance cost related to streets, alleys, urban forestry, trails, parks, recreational facilities and city beautification.

In addition, the electorate of the City authorized the City to impose an additional one percent (1.0%) infrastructure resort tax, commencing July 7, 2020. The revenues from the infrastructure resort tax are to be utilized only for infrastructure project related to the City's stormwater system.

Pursuant to such authorization, the City has enacted the Resort Tax Ordinance. The Resort Tax Ordinance is in full force and effect.

1.05. The Swimming Pool Project. The City has determined to undertake various improvements to the municipal swimming pool facility of the City, including construction of a new, zero-entry 80-foot-long L-shaped swimming pool with a stainless steel gutter system, main drains and concrete painted pool shell; expansion of the fenced area around the pool deck; replacement of the pool water treatment system; and related improvements (the "Swimming Pool Project"). The Swimming Pool Project is a capital improvement to a recreational facility and undertaking of the City of the type permitted under the Act and the Resort Tax Ordinance to be financed through the issuance of resort tax revenue bonds.

1.06. Outstanding Indebtedness. Pursuant to its water revenue bond resolutions and sewer revenue bond resolutions, and in accordance with the Act and the Resort Tax Ordinance, the City has previously pledged Net Revenues to the repayment of its water system revenue bonds (the "Water Obligation") and sewer system revenue bonds (the "Sewer Obligation"), respectively. The Series 2021 Bond is payable from Net Revenues, equally, ratably and on a parity with the Water Obligation and Sewer Obligation, and any Additional Bonds hereafter issued by the City on a parity therewith. There are no other obligations outstanding to which the Resort Tax Revenues are pledged.

1.07. Sale of the Series 2021 Bond. The Bank of Red Lodge, a Branch of Bank of Bridger, in Red Lodge Montana (the "Original Purchaser") has offered to purchase the Series 2021 Bond at an interest rate of 3.00% per annum, with a term of 20 years, and on the further terms set forth herein. The Original Purchaser's offer is hereby determined to be advantageous to the City, and the City hereby accepts the Original Purchaser's offer.

1.08. Sufficiency of Net Revenues. As of March 2021, the City has received \$899,566.95 in Resort Tax Revenues in Fiscal Year 2021. In its Fiscal Years ended June 30, 2018, June 30, 2019 and June 30, 2020, the City received Resort Tax Revenues in the amount of \$775,843.81, \$847,963.03, and \$866,896.68, respectively. Accordingly, in Fiscal Years 2018, 2019 and 2020, the City received Net Revenues equal to \$737,051.61, \$805,564.87 and \$823,551.84, respectively, and the City has received Net Revenues of \$854,588.60 for Fiscal Year 2021, as of March 2021. The Water Obligation is payable in the amount of \$100,000 annually and the Sewer Obligation is payable in the amount of \$150,000 annually. Maximum Fiscal Year principal and interest payable on the Series 2021 Bond is equal to \$98,698.18, and the average amount of principal and interest payable on the Series 2021 Bond, together with the payment requirements of the Water Obligation and Sewer Obligation, is \$348,698.18. Therefore, in accordance with Section 7-6-1506 of the Act, the City estimates that in each Fiscal Year during the term of the Series 2021 Bond, the Net Revenues expected to be received are equal to at least 125% of the average amount of the principal and interest payable on the Bonds (\$435,872.72), and will be sufficient to pay all principal of and interest on the Series 2021 Bond on when due, and to make all payments relating to the Water Obligation and Sewer Obligation.

1.09. Recitals. All acts, conditions and things required by the Constitution and laws of the State of Montana to be done, to exist, to happen and to be performed prior to the issuance of the Series 2021 Bond 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 2021 Bond, to provide for the security thereof and to issue the Series 2021 Bond forthwith.

Section 2. The Bonds.

2.01. General Title. The general title of the Bonds of all series shall be “Resort Tax Revenue Bonds,” with appropriate additions for Subordinate Obligations or refunding Bonds.

2.02. General Limitations; Issuable in Series. The aggregate principal amount of Bonds that may be authenticated and delivered and Outstanding under this Resolution is not limited, except as provided in this Sections 2 and Section 4 hereof and except as may be limited by law.

The Bonds may be issued in series as from time to time authorized by the Council. With respect to the Bonds of any particular series, the City may incorporate in or add to the general title of such Bonds any words, letters or fixtures designed to distinguish that series, and the City shall determine whether or not each series of Bonds is secured by the Reserve Account.

The Bonds are special limited obligations of the City. Principal of, premium, if any, and interest on the Bonds are payable solely from the Net Revenues or other sources which may be pledged to the payment of any series of Bonds (other than to the extent payable out of proceeds of the Bonds). The Bonds shall not pledge the general credit or taxing powers of the City of any kind whatsoever other than the Resort Tax. Neither the Bonds nor any of the agreements or obligations of the City contained herein shall be construed to constitute an indebtedness of the State of Montana or the City within the meaning of any constitutional or statutory provisions whatsoever.

If any Redemption Date or Payment Date shall be on other than a Business Day, then such payment may be made on the next succeeding Business Day, with the same force and effect as if made on the Redemption Date or Payment Date (whether or not such next succeeding business day occurs in a succeeding month).

Except as otherwise provided or required by the context hereof, the provisions of this Resolution shall be equally applicable and binding upon any Notes issued hereunder.

2.03. Terms of Particular Series. Each series of Bonds (except the Water Obligation and Sewer Obligation, which are already outstanding, and the Series 2021 Bond, which is created by Section 3 hereof) shall be created by a Supplemental Resolution. The Bonds of each series (except the Water Obligation and Sewer Obligation, which are already outstanding, and the Series 2021 Bond, which is created by Section 3 hereof) shall bear such date or dates, shall be payable at such place or places, shall have such Payment Dates and Redemption Dates, shall bear interest at such rate or rates, from such date or dates, shall be payable in such installments and on such dates and at such place or places, and may be redeemable at such price or prices and upon such terms (in addition to the prices and terms herein specified for redemption of all Bonds) as such shall be provided for in the Supplemental Resolution creating that series, all upon such terms as the City may determine. The City may, at the time of the creation of any series of Bonds or at any time thereafter, make, and the Bonds of that series may contain provision for:

- A. a sinking, amortization, improvement or other analogous fund;
- B. limiting the aggregate principal amount of the Bonds of that series;
- C. exchanging Bonds of that series, at the option of the Holders thereof, for other Bonds of the same series of the same aggregate principal amount of a different authorized kind or authorized denomination or denominations; or
- D. registration, transfer and delivery.

2.04. Form and Denominations of Particular Series. The Bonds of any series shall be issued as fully registered Bonds. The form of the Bonds of each series (except the Water Obligation and Sewer Obligation, which are already outstanding, and the Series 2021 Bond, which is created by Section 3 hereof) shall be established by the provisions of the Supplemental Resolution creating such series. The Bonds of each series shall be distinguished from the Bonds of other series in such manner as the Council may determine.

The Bonds of each series shall be issuable in such denominations as shall be provided in the provisions of the Supplemental Resolution creating such series (except the Water Obligation and Sewer Obligation, which are already outstanding, and the Series 2021 Bond, which is created by Section 3 hereof).

2.05. Execution and Authentication. The Bonds shall be executed on behalf of the City by the manual or facsimile signatures of the Mayor and City Clerk-Treasurer (or other officers of the City authorized by proceedings of the Council), and shall have the official seal of the City affixed, imprinted or reproduced thereon; provided, that if required by applicable laws, one such signature on each Bond shall be a manual signature. In the event any Bonds bear the manual or facsimile signature of an officer who ceases before delivery of the Bonds to be such officer, the signature shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on each Bond need not be signed by the same representative. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution and in accordance with the provisions hereof.

Section 3. The Series 2021 Bond.

3.01. Title, Principal Amount, Interest Rates and Stated Maturities. The Series 2021 Bond to be issued hereunder shall be denominated "Resort Tax Revenue Bond (Swimming Pool Project), Series 2021" and shall be issued in the principal amount of \$1,492,000. The Series 2021 Bond shall mature, subject to prior redemption as hereinafter provided, on January 1, 2041. The Series 2021 Bond shall bear interest on the Outstanding principal amount from the date of original issue, or from such later date to which interest has been paid or duly provided for, until paid or discharged at the rate of 3.00% per annum. The principal of and interest on the Series 2021 Bond shall be payable in semiannual payments of principal and interest, with Payment Dates on each January 1 and July 1, commencing July 1, 2021, in the amounts and on the respective dates reflected in the Debt Service Schedule attached as Schedule I to the Series 2021 Bond. Interest shall be computed on the basis of a 365-day year based on the actual number of days elapsed.

The Series 2021 Bond is secured by the Reserve Account.

Principal of and interest on the Series 2021 Bond shall be payable by check or draft of the Registrar mailed to (or, as appropriate, wired to) the Holder as such appears in the Bond Register as of the close of business on the 15th day (whether or not a Business Day) of the month immediately preceding each payment date; *provided* that the final installment of principal (whether at maturity or earlier redemption) shall be paid by the Registrar only upon presentation and surrender of each of the Series 2021 Bond at the principal office of the Registrar.

3.02. System of Registration. The City hereby appoints the City Clerk-Treasurer to act as bond registrar, transfer agent and paying agent for the Series 2021 Bond (the "Registrar"). The City reserves the right to appoint a bank, trust company or fiscal company as successor bond registrar, transfer agent or paying agent, as authorized by the Model Public Obligations Registration Act of Montana (the "Registration Act"), and the City agrees to pay the reasonable and customary charges of the Registrar for the services performed. This Section 3.02 shall establish a system of registration for the Series 2021 Bond as defined in the Registration Act.

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 the Series 2021 Bond and the registration of transfers and exchanges of the Series 2021 Bond entitled to be registered, transferred or exchanged.

(b) Transfer. Upon surrender to the Registrar for transfer of any Series 2021 Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Series 2021 Bond of a like aggregate principal amount, interest rate and maturity. The Registrar may, however, close the books for registration of transfer of the Series 2021 Bond or portion thereof selected or called for redemption.

(c) Exchange. Whenever any Series 2021 Bond is surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver a new Series 2021 Bond of a like aggregate principal amount, interest rate and maturity, as requested by the registered owner or the owner's attorney duly authorized in writing.

(d) Cancellation. Any Series 2021 Bond surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When any Series 2021 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 2021 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 Owner. The City and the Registrar may treat the person in whose name any Series 2021 Bond is at any time registered on the Bond Register as the absolute owner of such Series 2021 Bond, whether such Series 2021 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Series 2021 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 2021 Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer of a Series 2021 Bond or exchange of a Series 2021 Bond (except for an exchange upon the partial redemption of a Series 2021 Bond), the Registrar may impose a charge upon the owner 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 Bond. In case any Series 2021 Bond shall become mutilated or be lost, stolen or destroyed, the Registrar shall deliver a new Series 2021 Bond of like aggregate principal amount, interest rate and maturity in exchange and substitution for and upon cancellation of any such mutilated Series 2021 Bond or in lieu of and in substitution for any such Series 2021 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 2021 Bond lost, stolen or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Series 2021 Bond was lost, stolen or destroyed, and of the ownership thereof, and upon furnishing to the Registrar 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. Any Series 2021 Bond so surrendered to the Registrar shall be canceled by it and

evidence of such cancellation shall be given to the City. If the mutilated, lost, stolen or destroyed Series 2021 Bond has already matured or such Series 2021 Bond has been called for redemption in accordance with its terms, it shall not be necessary to issue a new Series 2021 Bond prior to payment.

3.03. Redemption.

(a) Optional Redemption of Series 2021 Bond. The Series 2021 Bond shall be subject to redemption at the option of the City, at any time and from time to time, in whole or in part, at a price equal to the principal amount thereof to be redeemed plus interest accrued to the Redemption Date, without premium. If the Series 2021 Bond is prepaid in part, the then-registered Holder of the Series 2021 Bond will reamortize the principal remaining upon redemption and prepayment at the applicable interest rate over the then-remaining term in equal or substantially equal semiannual payments of principal and interest. So long as the Series 2021 Bond is held by one registered owner, upon partial redemption and prepayment there shall be no need to exchange a new Series 2021 Bond for the unredeemed portion of the existing Series 2021; provided that the amortization schedule attached as Schedule I to the form of the Series 2021 Bond shall be replaced by an amortization schedule reflecting the reamortization of the principal then outstanding in the manner described above.

(b) Notice of Redemption. The Redemption Date and the principal amount of the Series 2021 Bond to be redeemed shall be fixed by the City, which, if the Registrar is other than a City official, shall give notice thereof to the Registrar at least 45 days prior to the Redemption Date or such lesser period as the Registrar accepts. The Registrar, at least 15 days prior to the designated Redemption Date, shall cause notice of redemption to be mailed, by first class mail, postage prepaid, to the Owner of the Series 2021 Bond to be redeemed at its address as it appears on the Bond Register, but no defect in or failure to give such mailed notice shall affect the validity of proceedings for the redemption of any Series 2021 Bond not affected by such defect or failure. The notice of redemption shall specify the Redemption Date, Redemption Price, the number and interest rate and the place at which the Series 2021 Bond is to be surrendered for payment, which is the principal office of the Registrar. Official notice of redemption having been given as aforesaid, the Series 2021 Bond or portion 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) the Series 2021 Bond or portion thereof shall cease to bear interest.

3.04. Form of Series 2021 Bond. The Series 2021 Bond shall be in substantially the form set forth in Exhibit A hereto (which is hereby incorporated herein and made a part hereof), with such appropriate variations, omissions and insertions as are permitted or required by the Resolution.

3.05. Preparation, Execution and Delivery of Series 2021 Bond. The Series 2021 Bond shall be prepared under the direction of the City Clerk-Treasurer and shall be executed on behalf of the City by the signatures of the Mayor and the City Clerk-Treasurer. Notwithstanding such execution, no Series 2021 Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Series 2021 Bond has been duly executed by the manual signature of the Registrar. When the Series 2021 Bond has been fully executed and authenticated, it shall be delivered by the Registrar to the Original Purchaser upon payment of the purchase price, and the Original Purchaser shall not be obligated to see to the application of the purchase price.

Section 4. Additional Bonds.

4.01. General Provisions. In addition to the Series 2021 Bond, whose issuance and delivery is provided for in Section 3 hereof, Additional Bonds may at any time and from time to time be issued, sold and delivered by the City but only upon compliance with the conditions of this Section 4.01 and Section 4.02 or 4.03, whichever may be applicable, and upon filing with the City Clerk-Treasurer of the following:

(a) a Supplemental Resolution authorizing the issuance of and creating the designated series of Additional Bonds and the sale thereof to the Original Purchaser or Purchasers named therein for the purchase price set forth therein and, if required by the Act, determining that the annual Net Revenues expected to be received in the current and any future Fiscal Year when Outstanding Bonds and the Additional Bonds proposed to be issued will be Outstanding equal at least 125% of the maximum amount of principal and interest payable on the Outstanding Bonds and the Additional Bonds proposed to be issued in any future Fiscal Year, excluding any principal and interest on Bonds being refunded by the issuance of such Additional Bonds; and

(b) so long as the Series 2021 Bond is outstanding, a certificate of the Mayor and the City Clerk-Treasurer stating that the Net Revenues received by the City in the last completed Fiscal Year equal at least 135% of the maximum amount of principal and interest payable for any future Fiscal Year (during the term of the Outstanding Bonds and the proposed Additional Bonds) with respect to the Outstanding Bonds and the Additional Bonds proposed to be issued, excluding any principal and interest on Bonds being refunded by the issuance of such Additional Bonds; and

(c) an Opinion of Bond Counsel stating in effect:

(1) that all conditions precedent provided for in this Resolution relating to the issuance and delivery of such Additional Bonds have been complied with, including any conditions precedent specified in this Section; and

(2) that the series of Additional Bonds when issued and delivered by the City will be valid and binding special, limited obligations of the City in accordance with their terms and entitled to the benefits of and secured by this Resolution.

At or before the issuance of Additional Bonds, if the Additional Bonds are to be secured by the Reserve Account, the City shall deposit into the Reserve Account the amount, if any, necessary to cause the balance in the Reserve Account to equal the Reserve Requirement, calculated giving effect to the issuance of such Additional Bonds. All Additional Bonds shall be payable and secured ratably and equally and on a parity with the Series 2021 Bond, the Water Obligation, the Sewer Obligation and any Additional Bonds theretofore issued, and entitled to the same benefits and security under this Resolution; provided that Additional Bonds may be issued that are not secured by the Reserve Account.

4.02. Additional Bonds to Pay the Cost of Projects. Additional Bonds may be issued at any time and from time to time, subject to the conditions provided in this Section 4.02, for the purpose of providing funds, in an amount sufficient, with any other funds available and committed therefor, to pay all or a portion of the cost of any Project.

Before any Additional Bonds may be issued under this Section 4.02, the City shall include in the Supplemental Resolution described in Section 4.01 a brief and general description of the Project or Projects to be acquired, constructed, altered or improved and estimating the costs thereof.

4.03. Additional Bonds for Other Refunding Purposes. Additional Bonds may be issued to refund Outstanding Bonds. Prior to authentication and delivery of any Additional Bonds under this Section 4.03 there shall be filed with the City Clerk-Treasurer:

(a) a certificate of the Mayor and City Clerk-Treasurer to the effect that (i) the proceeds (excluding accrued interest but including any premium) of the Additional Bonds, together with any other funds deposited for such purpose, will be sufficient to pay the principal of and redemption premium, if any, on the Outstanding Bonds to be refunded and the interest which will become due and payable on and prior to the Redemption Dates of the Bonds to be refunded, or (ii) provision has been made for the

payment of such Bonds by the deposit of cash sufficient, or of Government Obligations, the payments of interest on and principal of which are sufficient to pay the principal amount of and premium, if any, on such Bonds with interest to the Stated Maturities thereof or to any prior Redemption Date or Dates on which they are prepayable, and have been called for redemption or provision has been irrevocably made for their redemption, on such date or dates; and

(b) if the refunded Bonds are to be deemed defeased under Section 9.04 upon the date of issuance of the refunding Bonds, a copy of irrevocable instructions which have been delivered to the escrow agent or the Registrar, to redeem all the Bonds to be redeemed on such date or dates specified in such instructions.

4.04. Subordinate Obligations. Except as provided in Sections 4.01, 4.02, 4.03 and 4.05 hereof, no obligations will be issued under or secured by the provisions of this Resolution, and no obligations will be made payable from the Bond Account and the Net Revenues pledged thereto, unless the pledge and appropriation of such Resort Tax Revenues shall be subordinate to the pledge of Net Revenues for the payment and security of Outstanding Bonds (“Subordinate Obligations”). In the event of the issuance of any such Subordinate Obligations for any authorized corporate purpose of the City, including refunding obligations, the principal thereof and interest and redemption premiums, if any, thereon will be made payable from one or more additional accounts created in the Resort Tax Fund for that purpose, subject to the prior claim to amounts in such account of the Bond Account and Reserve Account, and the funds at any time on hand in any such account shall be subject to the prior lien of the Bond Account and Reserve Account and shall be available and transferred from such account whenever needed to meet the current requirements of the Bond Account and Reserve Account.

4.05. Notes. The City may from time to time issue Notes in anticipation of the issuance of Additional Bonds subject to the following conditions:

(a) the Additional Bonds in anticipation of which the Notes are issued, assuming a maximum rate of interest on such Bonds, shall be authorized to be issued under Sections 4.01 and 4.02,

(b) the Notes shall be payable from the Note Account and the payment of interest on the Notes from Net Revenues shall be subordinated to Outstanding Bonds and the principal of the Notes shall be payable solely from the proceeds of the Additional Bonds, unless the City is unable to sell the Additional Bonds, in which case the Notes shall be exchanged for the Additional Bonds on a par for par basis bearing interest at the maximum rates assumed under subsection (a) of this Section 4.05, and

(c) the Notes shall mature within three years of their date of issue.

Section 5. Resort Tax Fund.

5.01. Bond Proceeds and Net Revenues Pledged and Appropriated. A fund designated as the Resort Tax Fund is hereby established and shall be maintained as a separate and special bookkeeping account on the official books of the City until all Bonds have been fully paid, or the City’s obligation with reference to such Bonds has been discharged as provided in this Resolution. All proceeds of Bonds or Notes issued hereunder and all other funds hereafter received or appropriated for purposes of the Projects are appropriated to the Resort Tax Fund. All Net Revenues are irrevocably pledged and appropriated and shall be credited to this Fund as received. Bonds shall be secured by a first pledge of and lien on all of the Net Revenues and of all other moneys from time to time in the Resort Tax Fund in the manner and to the extent provided in this Section 5. The Resort Tax Fund shall be subdivided into separate accounts as designated and described in Sections 5.02 through 5.06.

5.02 Construction Account. The Construction Account is hereby established as an account within the Resort Tax Fund and shall be used only to pay as incurred and allowed costs which under accepted accounting practice are costs of Projects and costs of issuance of Bonds, Notes or Subordinate Obligations. To the Construction Account shall be credited: (i) all proceeds as received from Bonds, Notes or Subordinate Obligations issued hereunder, except amounts otherwise appropriated in the Supplemental Resolution relating thereto; (ii) all other funds appropriated by the City for a Project; and (iii) all income received from the investment of the Construction Account. Upon completion of any Project and payment of the cost thereof, the City shall transfer any surplus moneys in the Construction Account to the Bond Account. Money in the Construction Account shall be transferred as needed to the Bond Account to pay principal of or interest on Bonds to the extent moneys therein are insufficient.

5.03. Bond Account. The Bond Account is hereby established as an account within the Resort Tax Fund. Net Revenues received by the City shall be credited to the Bond Account monthly upon the collection thereof to the extent required by this section. Money on deposit in the Bond Account shall be applied only to the payment of principal of, premium, if any, and interest on Bonds payable from the Bond Account and to make deposits to the Water System Fund and Sewer System Fund in respect of the Water Obligation and Sewer Obligation, respectively, except as otherwise provided in this Section 5.03.

The City Clerk-Treasurer shall deposit monthly into the Bond Account such portion of the Net Revenues then collected equal to the sum of (1) one-twelfth of the principal and premium, if any, to become due on Outstanding Bonds payable from the Bond Account within the next twelve months, plus (2) one-sixth of the interest to become due on Outstanding Bonds payable from the Bond Account within the next six months, plus (3) one-twelfth of the amount due to the Water System Fund with respect to the Water Obligation, plus (4) one-twelfth of the amount due to the Sewer System Fund with respect to the Sewer Obligation. Any Net Revenues not required to be deposited pursuant to this section shall be credited forthwith to the Reserve Account to restore the balance therein to the Reserve Requirement and to the extent not so required shall be credited to the Surplus Account.

On or before each Payment Date, the City Clerk-Treasurer shall apply funds in the Bond Account to pay, or make provision with the Registrar for the payment of, interest, and principal and premium, if any, on the Bonds payable from the Bond Account on such Payment Date, as applicable, an amount sufficient to pay the interest, premium, if any, and principal coming due on the Bonds on such Payment Date.

The City Clerk-Treasurer shall also transfer to the Water System Fund and Sewer System Fund, from time to time, amounts on hand in the Revenue Bond Account with respect to the Water Obligation and Sewer Obligation, respectively.

If on any Payment Date there are not sufficient amounts on deposit in the Bond Account to pay the total amount of principal, premium, if any, and interest coming due on such Payment Date with respect to Bonds payable from the Bond Account and secured by the Reserve Account, the City shall transfer any moneys then on deposit in the Reserve Account, the Surplus Account, or the Construction Account, in the order listed and in an amount equal to such deficiency, to the Bond Account. If on any Payment Date there are not sufficient amounts on deposit in the Bond Account to pay the total amount of principal, premium, if any, and interest coming due on such Payment Date with respect to Bonds not secured by the Reserve Account, the City shall transfer any moneys then on deposit in the Surplus Account or the Construction Account, in the order listed and in an amount equal to such deficiency, to the Bond Account.

All interest income derived from the investment of amounts on deposit in the Bond Account shall be credited to the Bond Account.

5.04. Reserve Account. The Reserve Account is hereby established as a special account within the Resort Tax Fund. The Series 2021 Bond is secured by the Reserve Account. The Water Obligation and Sewer

Obligation are not secured by the Reserve Account. On the closing date, the City shall deposit in the Reserve Account from Series 2021 Bond proceeds an amount equal to the Reserve Requirement applicable to the Series 2021 Bond. If at any time the balance in the Reserve Account is less than the Reserve Requirement, all Net Revenues in the Resort Tax Fund remaining after the required credit to the Bond Account shall be credited to the Reserve Account until the balance therein equals the Reserve Requirement.

If on any Payment Date there shall exist a deficiency in the Bond Account with respect to a series of Bonds secured by the Reserve Account, the City shall transfer from the Reserve Account to such account an amount equal to such deficiency.

All income derived from the investment of amounts on deposit in the Reserve Account shall remain in, and be credited to, the Reserve Account until such time as the amount on deposit in the Reserve Account is equal to the Reserve Requirement, and thereafter all such investment income shall be transferred to the Bond Account.

If at any time (including, but not limited to, any Payment Date and any Redemption Date), the amount on deposit in the Reserve Account exceeds the Reserve Requirement, the City transfer such excess to the Bond Account to establish the required balance therein. If the amounts on deposit in the Reserve Account and Bond Account are at required levels, all excess shall be deposited in the Surplus Account. If at any time amounts on deposit in the Reserve Account with respect to a series of Bonds secured by the Reserve Account, together with amounts on hand in the Bond Account with respect to such series of Bonds, are sufficient to pay all principal, premium, if any, and interest on such series of Bonds, amounts in the Reserve Account may be used for that purpose.

5.05. Surplus Account. The Surplus Account is hereby established as an account within the Resort Tax Fund. There shall be credited to the Surplus Account any and all Net Revenues remaining after the required credits to the Bond Account and the Reserve Account, and any money in the accounts within the Resort Tax Fund in excess of the requirements of said accounts may be transferred, in the discretion of the City, to the Surplus Account. Money from time to time available in the Surplus Account shall be transferred to the Bond Account and the Reserve Account as needed as provided by Sections 5.03 and 5.04 hereof and in addition may be used for any of the following purposes and not otherwise:

(a) to pay costs of or incurred in connection with Projects or any other activity, undertaking or administrative service authorized by the Act and the Resort Tax Ordinance, to include transferring amounts in the Surplus Account to such funds or accounts that the City deems necessary or appropriate, or to pay or redeem Subordinate Obligations;

(b) to redeem or discharge Bonds or Notes prior to their stated maturities in accordance with the provisions of this Resolution or any Supplemental Resolution; and

(c) to purchase Bonds on the open market.

The City shall have no obligation to replenish the Surplus Account for amounts paid or transferred from the Surplus Account in accordance with this Section 5.04.

5.06. Note Account. Upon issuance of a Note, there shall be established in the Resort Tax Fund and the City Clerk-Treasurer shall thereafter maintain a separate and special Note Account. If a Note is Outstanding, all Net Revenues remaining after the required credits to the Bond Account and the Reserve Account pursuant to this Resolution shall be credited to the Note Account to the extent needed to pay principal or interest thereon. The City irrevocably appropriates to the Note Account: (a) the proceeds of any Bonds issued to refund one or more Notes, as received and to the extent necessary for the payment of such Notes, and (b) such other money as shall be appropriated to the Note Account from time to time.

Amounts on deposit in the Note Account shall be used solely to pay the principal of and interest on Notes made payable therefrom; provided that if on any date the balance in the Bond Account or the Reserve Account is less than then required, an amount equal to such deficiency will be transferred to such accounts from amounts on deposit in the Note Account. Upon payment or discharge of a Note and upon the making of the credits to the Note Account required in connection with any other Notes made payable therefrom, all surplus funds therein shall be transferred to the Surplus Account.

5.07. Investments. The City Clerk-Treasurer shall cause all moneys from time to time in the Resort Tax Fund to be deposited as received with one or more depository banks duly qualified in accordance with the provisions of Montana Code Annotated, Section 7-6-201, in a deposit account or accounts until all Bonds are fully paid or discharged, and shall cause the balances in such accounts, except any part thereof covered by federal deposit insurance, to be secured by the pledge of bonds or securities of the kinds required by law, and no money shall at any time be withdrawn from such deposit accounts except for the purposes of the Resort Tax Fund as defined and authorized by this Resolution. The funds to the credit of the several accounts within the Resort Tax Fund may be commingled in one or more deposit accounts. The balance on hand in any of the accounts of the Resort Tax Fund may at any time be invested and reinvested in the Qualified Investments as provided below, maturing and bearing interest payable at the times and in the amounts estimated to be required to provide cash when needed for the purposes of the respective accounts; provided that the Reserve Account and the Surplus Account may be invested in Qualified Investments maturing not later than five years from the date of investment. Income from the investment of the moneys in the various accounts shall be credited thereto. Subject to the provisions of law now or hereafter controlling investment of such funds, money on hand in any of the accounts of the Resort Tax Fund may be invested in the State of Montana Short Term Investment pool or any of the following Qualified Investments, but no others:

(a) direct obligations of or obligations guaranteed by the United States of America; and

(b) money market funds, bank time deposits or certificates of deposit secured by obligations and securities described in clause (a) above.

Section 6. Other Covenants of City.

6.01. Punctual Payment. The City will punctually pay or cause to be paid the principal and interest to become due in respect to all the Bonds, in strict conformity with the terms of the Bonds and of this Resolution, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Resolution and of the Bonds.

6.02. Levy and Collection of Resort Tax. The City covenants and agrees, so long as any Bonds are Outstanding, to levy the Resort Tax to the fullest extent permitted by the Act, the Resort Tax Ordinance, and other applicable law.

6.03. Amendment of Resort Tax Ordinance. The City will not revise, amend or modify the Resort Tax Ordinance by decreasing the types of sales to which the tax applies, the tax rate, the percentage of Resort Tax Revenues that comprise Net Revenues, or in any other way that would adversely affect the amount of Net Revenues anticipated to be received thereunder.

6.04 Financial Requirements of Resort Tax Fund for Budget Purposes. The City hereby covenants and agrees that so long as any Bonds are Outstanding it will prepare and approve the Budget in a timely manner as required by Montana law and that it will include in its Budget for the Fiscal Year as financial requirements of the Resort Tax Revenues and Resort Tax Fund the following: (i) the Property Tax Relief Amount in an amount equal to five percent of the Resort Tax Revenue collected during the immediately preceding Fiscal Year; (ii) the principal and premium of, if any, and interest on Outstanding Bonds to become due during the Fiscal Year; (iii) the amount, if any, necessary to restore the Reserve Account to the Reserve Requirement; (iv) such amounts as

may be necessary to meet the annual financial requirements of, or to restore any deficiencies in, any Accounts established with respect to Subordinate Bonds; and (v) the estimated costs of any undertaking to be paid or incurred in the Fiscal Year, together with a reasonable contingency therefor. The excess of the Net Revenues over the annual principal, interest and reserve requirements of the Bonds may be used as provided in Section 5 of this Resolution. Any Resort Tax Revenues received during the Fiscal Year in excess of the financial requirements set forth in the Budget as described in this Section 6.04 shall be transferred to the municipal property tax relief fund to be established pursuant to Section 7-6-1507(2), Montana Code Annotated, and applied to reduce municipal property taxes as provided therein, unless otherwise appropriated in the Budget.

6.05. Against Encumbrances. The City will not encumber, pledge or place any charge or lien upon any of the Net Revenues superior to or on a parity with the pledge and lien herein created for the benefit of the Series 2021 Bond and any Additional Bonds.

6.06. Books and Accounts; Financial Statements. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Projects, Resort Tax and the Resort Tax Fund.

The City will prepare and file with the City Clerk-Treasurer annually, within 270 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete financial statements with respect to the preceding Fiscal Year showing the Resort Tax Revenues, the Net Revenues, all disbursements from the Resort Tax Fund, including the balances in the Resort Tax Fund and accounts therein as of the end of each such Fiscal Year, which statements shall be accompanied by a certificate or opinion in writing of an independent auditor. The City will make the audit report available to any Bondholder upon request.

6.07. Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution, and for the better assuring and confirming unto the Holders of the Bonds of the rights and benefits provided in this Resolution.

Section 7. Bondholder Rights. No Holder of any Bond issued and secured under the provisions of this Resolution shall have the right to institute any proceeding, judicial or otherwise, for the enforcement of the covenants herein contained, without the written concurrence of the Holders of not less than 25% in aggregate principal amount of all such Bonds which are at the time Outstanding; but the Holders of this amount of such Bonds may, either at law or in equity, by suit, action or other proceedings, protect and enforce the rights of all Holders of such Bonds and compel the performance of any and all of the covenants required herein to be performed by the City and its officers and employees. The Holders of a majority in principal amount of such Outstanding Bonds shall have the right to direct the time, method and place of conducting any proceedings for any remedy available to the Holders of the exercise of any power conferred on them, and the right to waive a default in the performance of any such covenant, and its consequences, except a default in the payment of the principal of or interest on any Bond when due. However, nothing herein shall impair the absolute and unconditional right of the Holder of each such Bond to receive payment of the principal of, premium, if any, and interest on such Bond as such principal, premium and interest respectively become due, and to institute suit for the enforcement of any such payment. In the event of default in any such payment, any court having jurisdiction of the action may appoint a receiver to administer the Resort Tax Fund and to collect and segregate and apply the Resort Tax Revenues and other revenues pledged thereto as provided by this Resolution and the Act.

Section 8. Supplemental Resolutions.

8.01. General. The City reserves the right to adopt Supplemental Resolutions to this Resolution from time to time and at any time, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein, or of making such provisions with regard to matters or questions

arising hereunder as the City may deem necessary or desirable and not inconsistent with this Resolution, and which shall not adversely affect the interests of the Holders of Bonds issued hereunder, or for the purpose of adding to the covenants and agreements herein contained, or to the Resort Tax herein pledged, other covenants and agreements thereafter to be observed and additional revenues or income thereafter appropriated to the Resort Tax Fund, or for the purpose of surrendering any right or power herein reserved to or conferred upon the City, or for the purpose of authorizing the creation and issuance of a series of Additional Bonds, as provided in and subject to the conditions and requirements of Section 4 hereof. Any such Supplemental Resolution may be adopted by resolution, without the consent of the Holder of any of the Bonds issued hereunder.

8.02. Consent of Bondholders. With the consent of the Holders of Bonds issued hereunder as provided in Section 8.04, the City may from time to time and at any time adopt a Supplemental Resolution for the purpose of amending this Resolution by adding any provisions hereto or changing in any manner or eliminating any of the provisions hereof or of any Supplemental Resolution, except that no Supplemental Resolution shall be adopted at any time without the consent of the Holders of all Bonds issued hereunder which are then Outstanding, if it would extend the time of payment of interest thereon, would reduce the amount of the principal thereof, would give to any Bond or Bonds any privileges over any other Bond or Bonds, would reduce the Resort Tax or other revenues or income appropriated to the Resort Tax Fund, or would reduce the percentage in principal amount of such Bonds required to authorize or consent to any such Supplemental Resolution.

8.03. Notice. Notice of the Supplemental Resolution to be adopted pursuant to Section 8.02 shall be mailed by first-class mail to the Holders of all Bonds at their addresses appearing in the Bond Register, and shall become effective only upon the filing of written consents with the City Clerk-Treasurer, signed by the Holders of not less than two-thirds in principal amount of the Bonds then Outstanding. Any written consent to the Supplemental Resolution may be embodied in and evidenced by one or any number of concurrent written instruments of substantially similar tenor signed by Holders in person or by agent duly appointed in writing, and shall become effective when delivered to the City Clerk-Treasurer. Any consent by the Holder of any Bond shall bind him and every future Holder of the same Bond with respect to any Supplemental Resolution adopted by the City pursuant to such consent, provided that any Holder may revoke his consent with reference to any Bond by written notice received by the City Clerk-Treasurer before the Supplemental Resolution has become effective. In the event that unrevoked consents of the Holders of the required amount of Bonds have not been received by the City Clerk-Treasurer within one year after the publication of notice of the Supplemental Resolution, the Supplemental Resolution and all consents theretofore received shall be of no further force and effect.

8.04. Manner of Consent. Proof of the execution of any consent, or of a writing appointing any agent to execute the same, or of the ownership by any person of Bonds payable to bearer, shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the City if made in the manner provided in this Section 8.04. The fact and date of the execution by any person of any such consent or appointment may be proved by the affidavit of a witness of such execution or by the certification of any notary public or other officer authorized by law to take acknowledgment of deeds, certifying that the person signing it acknowledged to him the execution thereof. The fact and date of execution of any such consent may also be proved in any other manner which the City may deem sufficient; but the City may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. The ownership of Bonds shall be proved by the Bond Register.

Section 9. Defeasance.

9.01. General. When the liability of the City on all Bonds issued under and secured by this Resolution and all interest thereon has been discharged as provided in this section, all pledges, covenants and other rights

granted by this Resolution to the Holders of such Bonds shall cease. The Water Obligation and Sewer Obligation are not taken into account for purposes of this Section 9.

9.02. Maturity. The City may discharge its liability with reference to all Bonds and interest thereon which are due on any date by depositing with the Registrar for such Bonds on or before the date a sum sufficient for the payment thereof in full; or if any Bond or interest thereon shall not be paid when due, the City may nevertheless discharge its liability with reference thereto by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

9.03. Redemption. The City may also discharge its liability with reference to any prepayable Bonds which are called for redemption on any date in accordance with their terms, by depositing with the Registrar on or before that date an amount equal to the Redemption Price, provided that notice of such redemption has been duly given as provided in this Resolution.

9.04. Escrow. The City may also at any time discharge its liability in its entirety with reference to any Bonds subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, Government Obligations bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without reinvestment, to provide funds sufficient to pay all principal, interest and redemption premiums, if any, to become due on such Bonds at their stated maturities or, if such Bonds are prepayable and notice of redemption thereof has been given or irrevocably provided for, to such earlier Redemption Date.

Section 10. Tax Matters.

10.01. Covenant. The City covenants and agrees with the holders from time to time of the Series 2021 Bond that it will not take or permit to be taken by any of its officers, employees or agents any action that would cause the interest on the Series 2021 Bond to become includable in gross income for purposes of income taxation under the provisions of the Code and the Treasury Regulations applicable thereunder, and covenants and agrees that it will take or cause its officers, employees or agents to take any action within its or their powers to prevent the interest on the Series 2021 Bond from becoming includable in gross income for purposes of federal income taxation under the Code and applicable Treasury Regulations.

10.02. Certification. The Mayor and the City Clerk-Treasurer, being the officers of the City charged with the responsibility for issuing the Series 2021 Bond, are authorized and directed to execute and deliver to the Original Purchaser a certification in accordance with the provisions of Section 148 of the Code and the Treasury Regulations, Section 1.148-2(b), stating the facts, estimates and circumstances in existence on the date of issue and delivery of the Series 2021 Bond which make it reasonable to expect that the proceeds of the Series 2021 Bond will not be used in a manner that would cause the Series 2021 Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code and applicable Treasury Regulations. The certification shall further state that to the best of the knowledge and belief of the certifying officers no other facts, estimates or circumstances exist which would materially change this expectation.

10.03. Exception to Arbitrage Rebate.

(a) The City hereby represents that the Series 2021 Bond qualifies for the exception for small governmental units to the arbitrage rebate provisions contained in Section 148(f) of the Code. Specifically, the City represents:

- (1) Substantially all (not less than 95%) of the proceeds of the Series 2021 Bond (except for amounts to be applied to the payment of costs of issuance) will be used for local governmental activities of the City.

- (2) The aggregate face amount of all “tax-exempt bonds” (including warrants, contracts, leases and other indebtedness, but excluding private activity bonds) issued by or on behalf of the Borrower and all subordinate entities thereof during 2021 is reasonably expected not to exceed \$5,000,000.

(b) If notwithstanding the provisions of paragraph (a) of this Section 10.03, the arbitrage rebate provisions of Section 148(f) of the Code apply to the Series 2021 Bond, the City hereby covenants and agrees to make the determinations, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 148(f).

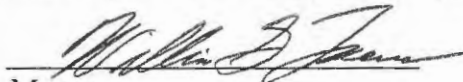
10.04. Information Reporting. The City shall file with the Secretary of the Treasury, not later than August 15, 2021, a statement concerning the Series 2021 Bond containing the information required by Section 149(e) of the Code.

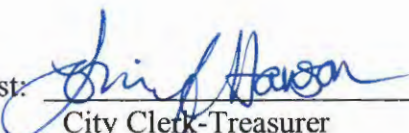
10.05. “Qualified Tax-Exempt Obligation.” Pursuant to Section 265(b)(3)(B)(ii) of the Code, the City hereby designates the Series 2021 Bond as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code. The City has not designated any bonds in 2021 under Section 265(b)(3) other than the Series 2021 Bond. The City hereby represents that it does not anticipate that it and all “subordinate entities” of the City will issue in 2021 obligations bearing interest exempt from federal income taxation under Section 103 of the Code (including “qualified 501(c)(3) bonds” but excluding other “private activity bonds,” as defined in Sections 141(a) and 145(a) of the Code) in an amount greater than \$10,000,000.

Section 11. Transcript Certification. The officers of the City are directed to furnish to the Original Purchaser of the Series 2021 Bond and Bond Counsel certified copies of all proceedings and information in their official records relevant to the authorization and issuance of the Series 2021 Bond, and such certificates and affidavits as to other matters appearing in their official records or otherwise known to them as may be reasonably required to evidence the validity and security of the Series 2021 Bond, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations and recitals of the City as to the correctness of all facts stated therein and the completion of all proceedings stated therein to have been taken.

Section 12. Effective Date. This resolution shall become effective upon passage and all provisions of ordinances, resolutions and other actions and proceedings of the City which are in any way inconsistent with the terms and provisions of this Resolution are repealed, amended and rescinded to the full extent necessary to give full force and effect to the provisions of this Resolution.

Adopted by the City Council of the City of Red Lodge, Montana, on this 27th day of April, 2021.


Mayor

Attest: 
City Clerk-Treasurer

(SEAL)

EXHIBIT A

[Form of the Series 2021 Bond]

UNITED STATES OF AMERICA
STATE OF MONTANA
CARBON COUNTY

CITY OF RED LODGE

RESORT TAX REVENUE BOND (SWIMMING POOL PROJECT), SERIES 2021A

No. R-1

\$1,492,000.00

<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Date of Original Issue</u>
3.00%	January 1, 2041	May 12, 2021

REGISTERED HOLDER: BANK OF RED LODGE, A BRANCH OF BANK OF BRIDGER

PRINCIPAL AMOUNT: ONE MILLION FOUR HUNDRED NINETY TWO THOUSAND AND NO/100 DOLLARS

FOR VALUE RECEIVED, CITY OF RED LODGE, MONTANA (the "City"), a political subdivision of the State of Montana, acknowledges itself to be indebted and hereby promises to pay to the registered holder specified above or registered assigns (the "Holders"), but solely from the Bond Account (the "Bond Account") in the Resort Tax Fund (the "Fund") hereinafter specified, the principal amount specified above, together with interest thereon, in installment payments over time. The principal of and interest on this Series 2021 Bond shall be payable in the amounts and on the respective dates reflected in the Debt Service Schedule attached as Schedule I to this Series 2021 Bond. This Series 2021 Bond bears interest on the Outstanding principal amount from the date of original issue specified above, or from such later date to which interest has been paid or duly provided for, until paid or discharged at the rate per annum specified above or until earlier redeemed and prepaid. Interest on this Series 2021 Bond shall be computed on the basis of a 365-day year based on the actual number of days elapsed. Principal of and interest on this Series 2021 Bond shall be payable by check or draft of the Registrar mailed to the registered owner hereof as such appears in the Bond Register as of the close of business on the 15th day (whether or not a Business Day) of the month immediately preceding each payment date; *provided* that the final installment of principal (whether at maturity or earlier redemption in full) shall be drawn on the Registrar only upon presentation and surrender of this Series 2021 Bond at the principal office of the Registrar. The City Clerk-Treasurer shall initially serve as Registrar for this Series 2021 Bond. Principal and interest on this Series 2021 Bond are payable in lawful money of the United States of America.

This Bond comprises a duly authorized issue of the City designated as the "Resort Tax Revenue Bond (Swimming Pool Project), Series 2021" (the "Series 2021 Bond"), 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 6, Part 15, as amended (the "Act"), and Resolution No. 3574 of the City adopted by this Council on April 27, 2021 (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 registered owner of this Series 2021 Bond and the City and the terms upon which this Series 2021 Bond is issued and delivered. Capitalized terms used herein but not otherwise defined shall have the respective meanings given

such terms in the Resolution. This Series 2021 Bond is issued by the City for the purpose of financing all or a portion of the costs of the Swimming Pool Project, to fund a deposit to the Reserve Account and to pay costs of issuance.

This Series 2021 Bond is payable solely from the Net Revenues, equally and ratably and on a parity with the Water Obligation, the Sewer Obligation any Additional Bonds that may hereafter be issued on a parity therewith under the Resolution (collectively, the “Bonds”). The Series 2021 Bond is also secured by amounts in the Reserve Account.

This Series 2021 Bond, including the interest thereon, is payable solely from the Net Revenues pledged to the payment thereof and does not constitute a debt of the City within the meaning of any constitutional or statutory limitation or provision. This Series 2021 Bond is not a general obligation of the City and the City’s general credit and taxing powers are not pledged to the payment of this Series 2021 Bond or interest thereon.

The City may prepay and redeem on any date, in whole or part, any unpaid principal of this Series 2021 Bond at a price equal to the principal amount to be redeemed plus interest accrued to the date of redemption, without premium. Notice of any such prepayment must be mailed by the Registrar not less than 15 days prior to the date specified for prepayment, to the registered owner of this Series 2021 Bond at its address as it appears on the Bond Register. If this Series 2021 Bond is prepaid in part, the registered owner of the Series 2021 Bond will reamortize the principal remaining upon redemption and prepayment at the interest rate over the then-remaining term in equal or substantially equal semiannual installments of principal and interest. So long as this Series 2021 Bond is held by one registered owner, upon partial redemption and prepayment there shall be no need to exchange a new Series 2021 Bond for the unredeemed portion of the existing Series 2021 Bond; provided that the amortization schedule attached as Schedule I to the form of the Series 2021 Bond shall be replaced by an amortization schedule reflecting the reamortization of the principal then outstanding in the manner described above.

The registered owner of this Series 2021 Bond shall have no right to enforce the provisions of the Resolution, or to institute action to enforce the covenants therein or take any action with respect to a default under the Resolution or to institute, appear in or defend any suit or other procedure with respect thereto except as provided in the Resolution.

As provided in the Resolution and subject to certain limitations set forth therein, this Series 2021 Bond is transferable upon the books of the Registrar at the principal corporate trust office of the Registrar, by the registered owner hereof in person or by his 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 his attorney; and may also be surrendered in exchange for another Series 2021 Bond of a like aggregate principal amount, interest rate and maturity. Upon such transfer or exchange, the City will cause a new Series 2021 Bond 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 City and the Registrar may deem and treat the Person in whose name this Series 2021 Bond is registered as the absolute owner hereof, whether this Series 2021 Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary.

The City has designated this Bond as a “qualified tax-exempt obligation” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the City will fix, establish and collect Resort Taxes, subject to applicable law and the Resort Tax Ordinance, and has created a special Resort Tax Fund into which the resort tax revenues will be paid, and a separate and special Bond Account in the Fund, into which Bond Account there shall be credited out of the Net Revenues then on hand monthly an amount equal to not less than one-sixth of the interest due within the next six months on all Outstanding Bonds payable from the Bond Account, one-twelfth of the principal to become due within the next twelve months on all Outstanding Bonds payable from the Bond Account, one-twelfth of the annual payment to be made to the Water System Fund on account of the Water Obligation, and one-twelfth of the annual payment to be made to the Sewer System Fund on account of the Sewer Obligation; that the Bond Account will be used only to pay the principal of, premium, if any, and interest on Bonds as such principal, premium and interest respectively become due and to make transfers to the Water System Fund and Sewer System Fund with respect to the Water Obligation and Sewer Obligation, respectively; that, except as Additional Bonds are expressly authorized to be issued in and by the Resolution, no other obligation will be incurred and made payable from the Net Revenues, unless the lien thereof shall be expressly made subordinate to the lien of the Series 2021 Bond, the Water Obligation, the Sewer Obligation and any Additional Bonds on such Net Revenues; that all provisions for the security of the holder of this 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 resolutions of the City to be done, to exist, to happen and to be performed in order to make this Series 2021 Bond a valid and binding special, limited obligation of the City according to its terms have been done, do exist, have happened and have been performed as so required; and that the issuance of this Series 2021 Bond does not cause the indebtedness, whether general or special, of the City to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, City of Red Lodge, Montana, by its City Council, has caused this Bond to be executed on its behalf by the signatures of the Mayor and the City Clerk-Treasurer, and has caused this Bond to be dated as of May 12, 2021.

CITY OF RED LODGE, MONTANA

By _____ Mayor

By _____
City Clerk-Treasurer

CERTIFICATE OF AUTHENTICATION

This Bond is the Resort Tax Revenue Bond (Swimming Pool Project), Series 2021 delivered pursuant to the Resolution mentioned within.

CITY CLERK-TREASURER OF CITY OF RED LODGE
as Registrar, Transfer Agent,
and Paying Agent

By _____
City Clerk-Treasurer

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants
in common

UTMA.....Custodian.....
(Cust) (Minor)

TEN ENT -- as tenants
by the entireties

JT TEN -- as joint tenants
with right of
survivorship and
not as tenants in
common

under Uniform Gifts to
Minor Act.....
(State)

Additional abbreviations may also be used.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____
_____ the within Bond and all rights thereunder, and hereby irrevocably constitutes
and appoints _____ attorney to transfer the within Bond on the books kept for registration
thereof, with full power of substitution in the premises.

Dated: _____

PLEASE INSERT SOCIAL SECURITY
OR OTHER IDENTIFYING NUMBER
OF ASSIGNEE:

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

SIGNATURE GUARANTEED

Signature(s) must be guaranteed by an "eligible
guarantor institution" meeting the requirements of the
Registrar, which requirements include membership or
participation in STAMP or such other "signature
guaranty program" as may be determined by the
Registrar in addition to or in substitution for STAMP, all
in accordance with the Securities Exchange Act of 1934,
as amended.

SCHEDULE I
DEBT SERVICE SCHEDULE

Amortization Schedule						
Date	Description	Total Payment	P&I Payment	Principal Payment	Interest Payment	Principal Balance
May 12, 2021	Beginning Balance					1,492,000.00
☞ Jul 01, 2021	Regular Payment	49,349.09	49,349.09	43,217.59	6,131.50	1,448,782.41
☞ 2021 Totals		49,349.09	49,349.09	43,217.59	6,131.50	
☞ Jan 01, 2022	Regular Payment	49,349.09	49,349.09	27,438.74	21,910.35	1,421,343.67
☞ Jul 01, 2022	Regular Payment	49,349.09	49,349.09	28,204.17	21,144.92	1,393,139.50
☞ 2022 Totals		98,698.18	98,698.18	55,642.91	43,055.27	
☞ Jan 01, 2023	Regular Payment	49,349.09	49,349.09	28,280.25	21,068.84	1,364,859.25
☞ Jul 01, 2023	Regular Payment	49,349.09	49,349.09	29,044.48	20,304.61	1,335,814.77
☞ 2023 Totals		98,698.18	98,698.18	57,324.73	41,373.45	
☞ Jan 01, 2024	Regular Payment	49,349.09	49,349.09	29,147.18	20,201.91	1,306,667.59
☞ Jul 01, 2024	Regular Payment	49,349.09	49,349.09	29,802.78	19,546.31	1,276,864.81
☞ 2024 Totals		98,698.18	98,698.18	58,949.96	39,748.22	
☞ Jan 01, 2025	Regular Payment	49,349.09	49,349.09	30,038.70	19,310.39	1,246,826.11
☞ Jul 01, 2025	Regular Payment	49,349.09	49,349.09	30,800.42	18,548.67	1,216,025.69
☞ 2025 Totals		98,698.18	98,698.18	60,839.12	37,859.06	
☞ Jan 01, 2026	Regular Payment	49,349.09	49,349.09	30,958.79	18,390.30	1,185,066.90
☞ Jul 01, 2026	Regular Payment	49,349.09	49,349.09	31,719.20	17,629.89	1,153,347.70
☞ 2026 Totals		98,698.18	98,698.18	62,677.99	36,020.19	
☞ Jan 01, 2027	Regular Payment	49,349.09	49,349.09	31,906.69	17,442.40	1,121,441.01
☞ Jul 01, 2027	Regular Payment	49,349.09	49,349.09	32,665.74	16,683.35	1,088,775.27
☞ 2027 Totals		98,698.18	98,698.18	64,572.43	34,125.75	
☞ Jan 01, 2028	Regular Payment	49,349.09	49,349.09	32,883.23	16,465.86	1,055,892.04
☞ Jul 01, 2028	Regular Payment	49,349.09	49,349.09	33,554.11	15,794.98	1,022,337.93
☞ 2028 Totals		98,698.18	98,698.18	66,437.34	32,260.84	
☞ Jan 01, 2029	Regular Payment	49,349.09	49,349.09	33,887.98	15,461.11	988,449.95
☞ Jul 01, 2029	Regular Payment	49,349.09	49,349.09	34,644.21	14,704.88	953,805.74
☞ 2029 Totals		98,698.18	98,698.18	68,532.19	30,165.99	
☞ Jan 01, 2030	Regular Payment	49,349.09	49,349.09	34,924.42	14,424.67	918,881.32
☞ Jul 01, 2030	Regular Payment	49,349.09	49,349.09	35,679.16	13,669.93	883,202.16
☞ 2030 Totals		98,698.18	98,698.18	70,603.58	28,094.60	
☞ Jan 01, 2031	Regular Payment	49,349.09	49,349.09	35,992.17	13,356.92	847,209.99
☞ Jul 01, 2031	Regular Payment	49,349.09	49,349.09	36,745.40	12,603.69	810,464.59
☞ 2031 Totals		98,698.18	98,698.18	72,737.57	25,960.61	
☞ Jan 01, 2032	Regular Payment	49,349.09	49,349.09	37,092.21	12,256.88	773,372.38
☞ Jul 01, 2032	Regular Payment	49,349.09	49,349.09	37,780.29	11,568.80	735,592.09
☞ 2032 Totals		98,698.18	98,698.18	74,872.50	23,825.68	
☞ Jan 01, 2033	Regular Payment	49,349.09	49,349.09	38,224.52	11,124.57	697,367.57

⊞ Jul 01, 2033	Regular Payment	49,349.09	49,349.09	38,974.56	10,374.53	658,393.01
⊞ 2033	Totals	98,698.18	98,698.18	77,199.08	21,499.10	
⊞ Jan 01, 2034	Regular Payment	49,349.09	49,349.09	39,392.03	9,957.06	619,000.98
⊞ Jul 01, 2034	Regular Payment	49,349.09	49,349.09	40,140.40	9,208.69	578,860.58
⊞ 2034	Totals	98,698.18	98,698.18	79,532.43	19,165.75	
⊞ Jan 01, 2035	Regular Payment	49,349.09	49,349.09	40,594.82	8,754.27	538,265.76
⊞ Jul 01, 2035	Regular Payment	49,349.09	49,349.09	41,341.47	8,007.62	496,924.29
⊞ 2035	Totals	98,698.18	98,698.18	81,936.29	16,761.89	
⊞ Jan 01, 2036	Regular Payment	49,349.09	49,349.09	41,833.97	7,515.12	455,090.32
⊞ Jul 01, 2036	Regular Payment	49,349.09	49,349.09	42,541.44	6,807.65	412,548.88
⊞ 2036	Totals	98,698.18	98,698.18	84,375.41	14,322.77	
⊞ Jan 01, 2037	Regular Payment	49,349.09	49,349.09	43,110.00	6,239.09	369,438.88
⊞ Jul 01, 2037	Regular Payment	49,349.09	49,349.09	43,853.06	5,496.03	325,585.82
⊞ 2037	Totals	98,698.18	98,698.18	86,963.06	11,735.12	
⊞ Jan 01, 2038	Regular Payment	49,349.09	49,349.09	44,425.17	4,923.92	281,160.65
⊞ Jul 01, 2038	Regular Payment	49,349.09	49,349.09	45,166.35	4,182.74	235,994.30
⊞ 2038	Totals	98,698.18	98,698.18	89,591.52	9,106.66	
⊞ Jan 01, 2039	Regular Payment	49,349.09	49,349.09	45,780.09	3,569.00	190,214.21
⊞ Jul 01, 2039	Regular Payment	49,349.09	49,349.09	46,519.33	2,829.76	143,694.88
⊞ 2039	Totals	98,698.18	98,698.18	92,299.42	6,398.76	
⊞ Jan 01, 2040	Regular Payment	49,349.09	49,349.09	47,175.96	2,173.13	96,518.92
⊞ Jul 01, 2040	Regular Payment	49,349.09	49,349.09	47,905.28	1,443.81	48,613.64
⊞ 2040	Totals	98,698.18	98,698.18	95,081.24	3,616.94	
⊞ Jan 01, 2041	Regular Payment	49,348.83	49,348.83	48,613.64	735.19	
⊞ 2041	Totals	49,348.83	49,348.83	48,613.64	735.19	
⊞ Grand Total		1,973,963.34	1,973,963.34	1,492,000.00	481,963.34	