

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 a Resolution entitled: "RESOLUTION RELATING TO \$2,795,000 SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2020; 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 meeting on September 22, 2020, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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: \_\_\_\_\_  
\_\_\_\_\_ ; voted against the same: \_\_\_\_\_  
\_\_\_\_\_ ; abstained from voting thereon: \_\_\_\_\_  
\_\_\_\_\_ ; or were absent: \_\_\_\_\_.

WITNESS my hand officially this 22nd of September, 2020.

\_\_\_\_\_  
City Clerk-Treasurer

TABLE OF CONTENTS

[Not a part of this Resolution; for convenience of reference only.]

	<u>Page</u>
SECTION 1. DEFINITIONS, AUTHORIZATIONS AND FINDINGS. ....	1
1.01. Definitions.....	1
1.02. Rules of Construction .....	5
1.03. Authorization .....	6
1.04. Prior City Actions. ....	6
1.05. The Refunding .....	6
1.06. Authorization and Sale of Series 2020 Bonds. ....	7
1.07. Recitals. ....	<b>Error! Bookmark not defined.</b>
SECTION 2. THE BONDS. ....	8
2.01. General Title .....	8
2.02. General Limitations; Issuable in Series .....	8
2.03. Terms of a Particular Series .....	8
2.04. Form and Denominations.....	8
2.05. Execution and Delivery.....	9
2.06. Priority of Payments .....	9
SECTION 3. SERIES 2020 BONDS.....	9
3.01. Term of Series 2020 Bonds.....	9
3.02. Registered Form, Interest Payment Dates.....	10
3.03. Dated Date .....	10
3.04. Registration .....	10
3.05. Appointment of Initial Registrar .....	12
3.06. Optional Redemption.....	12
3.07. Mandatory Sinking Fund Redemption.....	12
3.08. Execution and Delivery.....	13
3.09. Securities Depository for the Series 2020 Bonds .....	13
3.10. Form of Series 2020 Bonds.....	15
SECTION 4. ADDITIONAL BONDS .....	15
4.01. General Provisions .....	15
4.02. Additional Bonds to Pay the Cost of Projects.....	16
4.03. Additional Bonds for Refunding Purposes .....	17
4.04. Subordinate Obligations.....	17
4.05. Grant Anticipation Notes; Bond Anticipation Notes .....	18
SECTION 5. SEWER SYSTEM FUND .....	18

5.01. Bond Proceeds and Gross Revenues Pledged and Appropriated.....	18
5.02. Construction Account .....	18
5.03. Operating Account .....	19
5.04. Debt Service Account .....	19
5.05. Reserve Account. ....	19
5.06. Subordinate Obligations Account .....	20
5.07. Replacement and Depreciation Account.....	20
5.08. Surplus Account.....	21
5.09. Note Account. ....	21
5.10. Rebate Account.....	21
5.11. Deposit and Investment of Funds .....	21
<b>SECTION 6. OTHER COVENANTS OF CITY.....</b>	<b>21</b>
6.01. General.....	21
6.02. Competing Service.....	22
6.03. Property Insurance .....	22
6.04. Liability Insurance and Surety Bonds.....	22
6.05. Disposition of Property .....	22
6.06. Books and Records .....	23
6.07. Handling of Funds.....	23
6.08. Rates and Charges.....	23
6.09. Billing .....	24
6.10. Pledge of Resort Tax Revenues. ....	24
<b>SECTION 7. SUPPLEMENTAL RESOLUTIONS .....</b>	<b>24</b>
7.01. General.....	24
7.02. Consent of Owners.....	25
7.03. Notice.....	25
7.04. Manner of Consent.....	25
<b>SECTION 8. REMEDIES.....</b>	<b>26</b>
<b>SECTION 9. DEFEASANCE OR DISCHARGE .....</b>	<b>26</b>
9.01. General.....	26
9.02. Maturity.....	26
9.03. Redemption .....	26
9.04. Escrow.....	27
<b>SECTION 10. CONTINUING DISCLOSURE.....</b>	<b>27</b>
<b>SECTION 11. TAX COVENANTS AND CERTIFICATIONS .....</b>	<b>27</b>
11.01. Use of Facilities .....	27
11.02. General Covenant.....	27
11.03. Arbitrage Certification.....	27

11.04. Arbitrage Rebate .....	28
11.05. Information Reporting .....	28
11.06. “Qualified Tax-Exempt Obligations .....	28
<b>SECTION 12. CERTIFICATION OF PROCEEDINGS.....</b>	<b>28</b>
<b>SECTION 13. REPEALS AND EFFECTIVE DATE.....</b>	<b>29</b>
13.01. Repeal .....	29
13.02. Effective Date .....	29
<b>EXHIBIT A—Official Bid Form.....</b>	<b>A-1</b>
<b>EXHIBIT B—Form of Series 2020 Bond .....</b>	<b>B-1</b>
<b>EXHIBIT C—Form of Continuing Disclosure Undertaking.....</b>	<b>C-1</b>

RESOLUTION NO. 3555

RESOLUTION RELATING TO \$2,795,000 SEWER SYSTEM REVENUE  
REFUNDING BONDS, SERIES 2020; AUTHORIZING THE SALE AND  
PRESCRIBING THE FORMS AND TERMS THEREOF AND THE SECURITY  
THEREFOR

BE IT RESOLVED by the City Council (the “Council”) of 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:

Accountant means a Person engaged in the practice of accounting as a certified public accountant, whether or not employed by the City.

Act means Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as amended or supplemented.

Additional Bonds means any Bonds issued pursuant to Sections 4.01 through 4.03.

Bond Anticipation Note has the meaning given such term in Section 4.05 hereof.

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

Bond Register means the register maintained for the purpose of registering the ownership, transfer and exchange of the Bonds of any series.

Bonds means the Series 2020 Bonds and any Additional Bonds.

Business Day means, with respect to the Bonds of any series, any day other than a Saturday, Sunday or other day on which the Registrar for such series of Bonds is not open for business.

City means the City of Red Lodge, Montana, or its successors.

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

Construction Account means the account created by Section 5.02.

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

Debt Service Account means the account created by Section 5.04.

Defeasance Obligations means obligations for payment of the principal of and interest on which the United States has pledged its full faith and credit, or money market or mutual funds

invested in such obligations, and which are not subject to redemption or prepayment other than at the option of the holder 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 calendar year, or any other twelve-month period authorized by law and specified by this Council as the City's Fiscal Year.

Grant Anticipation Note has the meaning given such term in Section 4.05 hereof.

Gross Revenues means all revenues and receipts from rates, fees, charges and rentals imposed for the availability, benefit and use of the System, and from penalties and interest thereon, and from any sales of property which is a part of the System and all income received from the investment of such revenues and receipts, including interest earnings on the Operating Account, the Reserve Account, the Replacement and Depreciation Account and the Surplus Account, and excluding the proceeds of any grant or loan from the State or the United States, and any investment income thereon, to the extent such exclusion is a condition to such grant or loan.

Interest Payment Date means the Stated Maturity of an installment of interest on any of the Bonds.

Net Revenues means the sum of (a) the Gross Revenues for a specified period less the Operating Expenses for the same period, and (b) the Pledged Resort Tax Revenues transferred to the Sewer System Fund in such period.

Operating Account means the account created by Section 5.03.

Operating Expenses means the current expenses, paid or accrued, of operation, maintenance and current repair of the System and its facilities, as calculated in accordance with sound accounting practices, and shall include, without limitation, administrative expenses of the City relating solely to the System, premiums for insurance on the properties thereof, labor and the cost of materials and supplies used for current operation and for maintenance, and charges for the accumulation of appropriate reserves for current expenses which are not recurrent monthly but may reasonably be expected to be incurred in accordance with sound accounting practices. Operating Expenses shall not include interest expense or depreciation, renewals or replacements of capital assets of the System and shall not include any portion of the salaries or wages paid to any officer or employee of the City, except such portion as shall represent reasonable compensation for the performance of duties necessary to the operation of the System.

Operating Reserve has the meaning given such term in Section 5.03 hereof.

Original Purchaser means, with respect to any series of Bonds, the Person who purchases such series of Bonds from the City when first issued. The Original Purchaser of the Series 2020 Bonds is Piper Sandler & Co.

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

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

(ii) Bonds and portions of Bonds for whose payment or redemption money or Defeasance Obligations (as provided in Section 9) shall have been theretofore deposited in trust for the Owners of such Bonds; provided, however, that if such Bonds are to be redeemed, notice of such redemption shall have been duly given pursuant to this Resolution or irrevocable instructions to call such Bonds for redemption at a stated Redemption Date shall have been given by the City; and

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

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

Owner means, with respect to any Bond, the Person in whose name such Bond is registered in the Bond Register.

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

Pledged Resort Tax Revenues means, from the Resort Tax Revenues, the lesser of (1) \$150,000, or (2) the maximum amount that may be appropriated for the System in a Fiscal Year under the Resort Tax Act and the Resort Tax Ordinances.

Principal and Interest Requirements means, with respect to any Bonds and for any Fiscal Year or other specified period, the amount required to pay the principal of and interest on such Bonds during such Fiscal Year or other period, determined on the assumption that each Serial Bond is to be paid on its Stated Maturity and each Term Bond is to be paid on the Sinking Fund Payment Dates according to the mandatory redemption requirements established for such Term Bond pursuant to this Resolution or any Supplemental Resolution.

Principal Payment Date means the Stated Maturity of principal of any Serial Bond and the Sinking Fund Payment Date for any Term Bond.

Prior Resolution means, collectively, Resolution No. 2035, adopted by the Council on September 24, 1990, as amended and supplemented by Resolution Nos. 3046, 3118, 3128, 3137, 3299 and 3453, adopted by the Council on June 11, 1996, September 19, 2000, April 24, 2001, March 26, 2002, January 26, 2010 and October 24, 2017, respectively.

Project means an improvement, betterment, reconstruction or extension of the System.

Rebate Account means the account created by Section 5.10.

Rebate Certificate means, with respect to a series of Bonds, a certificate delivered by the City on the day of issuance of such Bonds pursuant to which the City represents and covenants to segregate funds, calculate amounts, report and pay to the United States Department of Treasury any rebatable arbitrage relating to the Bonds of any series in accordance with the requirements of Section 148 of the Code and the regulations promulgated thereunder.

Redemption Date when used with respect to any Bond to be redeemed means the date on which it is to be redeemed.

Redemption Price when used with respect to any Bond to be redeemed means the price at which it is to be redeemed.

Refunded Bonds means the outstanding Series 2002A Bond and Series 2002B Bond.

Registrar means the Person, if any, appointed by the City to act as bond registrar, transfer agent and paying agent for a series of Bonds. With respect to the Series 2020 Bonds, the Registrar shall be appointed as set forth in Section 3.05.

Replacement and Depreciation Account means the account created by Section 5.07.

Reserve Account means the account created by Section 5.05.

Reserve Requirement means, as of the date of calculation, an amount equal to one-half of the maximum Principal and Interest Requirements on Outstanding Bonds for any future Fiscal Year (giving effect to any Sinking Fund Payment Dates with respect to any series of Bonds and, if Bonds are issued as draw-down bonds, taking into account the principal advanced); provided that a separate reserve requirement may be established with regard to Bonds secured by a separate subaccount in the Reserve Account.

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

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

Resort Tax Ordinances means Ordinance Nos. 832 and 833, as amended by Ordinance Nos. 833 Amended, 833 Second Amended, 833 Third Amended, 833 Fourth Amended, 833 Fifth Amended, Ordinance No. 834, and Ordinance No. 901, all duly adopted by the City, as may further be amended or supplemented from time to time.

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 Ordinances.

Series 2002A Bond means the City's Sewerage System Revenue Bond, Series 2002A, dated, as originally issued, as of April 10, 2002.

Series 2002B Bond means the City's Sewerage System Revenue Bond, Series 2002B, dated, as originally issued, as of April 10, 2002.



Series 2020 Bonds means the City's Sewer System Revenue Refunding Bonds, Series 2020, issued in the original aggregate principal amount of \$2,795,000.

Sinking Fund Payment Date means a date set forth in any applicable provision of this Resolution or a Supplemental Resolution for the making of a mandatory principal payment for the redemption of a Term Bond.

State means the State of Montana.

Stated Maturity when used with respect to any Bond or any installment of interest thereon, means the date specified in such Bond as the fixed date on which principal of such Bond or such installment of interest is due and payable.

Sewer System Fund means the fund created in Section 5.01.

Subordinate Obligations means bonds, notes or other obligations of indebtedness of the City payable from the Subordinate Obligations Account and issued in accordance with Section 4.04.

Subordinate Obligations Account means the account created by Section 5.06.

Supplemental Resolution means any resolution supplemental to this Resolution adopted pursuant to Section 7.

System means the City's municipal sewer system, as it may at any time exist, including any replacement, expansion and improvement thereof.

Term Bond means any Bond for the payment of the principal of which mandatory payments are required by this Resolution or Supplemental Resolution to be made at times and in amounts sufficient to redeem all or a portion of such Bond prior to its Stated Maturity.

1.02. Rules of Construction. Unless the context otherwise requires or except as otherwise expressly provided:

(a) All references in this Resolution to designated sections and other subdivisions are to the designated sections and other subdivisions of this Resolution as originally adopted.

(b) 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.

(c) The terms defined in this Resolution include the plural as well as the singular.

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

(e) 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 Act, the City is authorized to issue and sell its revenue bonds payable during a term not exceeding forty years from their date of issue, to provide funds for the acquisition, purchase, construction, reconstruction, improvement, betterment and extension of a sewer system, and to refund such bonds; 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 the undertaking, 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 sewer system to the City.

In addition, pursuant to the Resort Tax Act, the City is authorized, upon the approval of the electorate of the City, to impose a resort tax on the retail value of certain goods and services sold within the City, and to expend revenues of the resort tax in various ways, including to pledge such revenues to the repayment of bonds of the City issued to finance public facilities, improvements or undertakings. The City may deem revenues derived from the resort tax to be revenues of the undertaking.

1.04. Prior City Actions. Pursuant to the Act, the Resort Tax Act and the Prior Resolution, the City has issued its Series 2002A Bond and Series 2002B Bond, which are currently outstanding in the principal amount of \$1,718,121.52 and \$1,120,461.01, respectively. The Series 2002A Bond and Series 2002B Bond are payable from and secured by Net Revenues.

Pursuant to Resolution No. 3552, adopted by the Council on August 25, 2020 (the “Authorizing Resolution”), the City determined to issue its Sewer System Revenue Refunding Bonds, Series 2020 (as further described herein, the “Series 2020 Bonds”) to provide funds to prepay, defease and redeem the outstanding Series 2002A Bond and Series 2002B Bond (collectively, the “Refunded Bonds”), and to pay costs of issuance of the Series 2020 Bonds and costs of the refunding.

1.05. The Refunding. The Refunded Bonds are held by the United States of America acting through Rural Utilities Service, United States Department of Agriculture. 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 2020 Bonds, is estimated as follows:

Sources of Funds:

Principal amount of Series 2020 Bonds:	\$ 2,795,000.00
Original Issue Premium:	65,517.05
Transfer from debt service reserve account:	<u>197,449.00</u>
Total:	\$ 3,057,966.05

Uses of Funds:

Refunding amount:	\$ 2,844,814.35
Deposit to Reserve Account for Series 2020 Bonds:	98,490.00
Costs of issuance and rounding amount:	<u>114,667.70</u>
Total:	\$ 3,057,966.05

On September 30, 2020, the City will apply \$2,745,855.35 of the proceeds of the Series 2020 Bonds to paying, refunding and redeeming the Refunded Bonds and will apply \$114,667.70 of the proceeds of the Series 2020 Bonds to paying costs of issuance of the Series 2020 Bonds. There is currently \$197,449.00 in the debt service reserve account for the Refunded Bonds, \$98,490.00 of which shall be deposited in the Reserve Account and applied to satisfy the Reserve Requirement for the Series 2020 Bonds and \$98,959.00 of which shall be applied to the refunding of the Refunded Bonds.

The City hereby finds that as a result of issuing the Series 2020 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.

1.06. Authorization and Sale of Series 2020 Bonds. Pursuant to the Authorizing Resolution, this Council authorized and provided for the sale and issuance of its sewer system revenue refunding bonds in the aggregate principal amount of up to \$3,000,000 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 September 15, 2020. Based on such bids and in accordance with the parameters set forth in the Authorizing Resolution, the Mayor and City Clerk-Treasurer awarded the sale of the Series 2020 Bonds to Piper Sandler & Co. (the "Original Purchaser"), based on its bid, attached hereto as Exhibit A, to purchase the Series 2020 Bonds at a price of \$2,829,660.25 (representing the principal amount of the Series 2020 Bonds (\$2,795,000.00), plus original issue premium of \$65,517.05, and less underwriter's discount of \$30,856.80). The interest rates designated by the Original Purchaser in such bid and set forth in Section 3.01 result in a true interest cost of 1.418%. The net present value of debt service savings to be achieved by the refunding is 30.150% of the principal amount of the Refunded Bonds, using the yield of the Series 2020 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 September 15, 2020 are in accordance with the parameters set forth in the Authorizing Resolution and are hereby approved, and the award of the Series 2020 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 2020 Bonds be set forth and prescribed in the official proceedings of this Council.

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 2020 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 2020 Bonds, to provide for the security thereof and to issue the Series 2020 Bonds forthwith.

## Section 2. The Bonds.

2.01. General Title. The general title of the Bonds of all series shall be “Sewer System Revenue Bonds,” with appropriate additions for refunding and to distinguish Bonds of each series from Bonds of each other series.

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 Section 4 and except as may be limited by law.

The Bonds may be issued in series as from time to time authorized by the City.

The Bonds are special, limited obligations of the City. The Bonds are not general obligations of the City and neither the general credit nor the taxing power of the City is pledged to the payment of the Bonds or the interest thereon. Principal of, premium, if any, and interest on the Bonds (except to the extent expressly payable out of proceeds of the Bonds) are payable solely from the Net Revenues and funds on deposit in the Sewer System Fund, as provided in Section 5. Neither the Bonds nor any of the agreements or obligations of the City contained herein or therein shall be construed to constitute an indebtedness of the City within the meaning of any constitutional or statutory limitations.

If any Stated Maturity, Redemption Date or Sinking Fund Payment Date shall be on a day which is not a Business Day, then payment of principal of, premium, if any, or interest due on such day may be made on the next succeeding Business Day, with the same force and effect as if made on such Stated Maturity, Redemption Date or Sinking Fund Payment Date (whether or not such next succeeding Business Day occurs in a succeeding month), and no interest shall accrue for the intervening period.

2.03. Terms of a Particular Series. Each series of Bonds (except the Series 2020 Bonds, which are created by Section 3) shall be created by a Supplemental Resolution and pursuant to Section 4. 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 also contain, provision for a sinking, amortization, improvement or other analogous fund or subaccount. In addition, the City reserves the right to create a separate subaccount within the Reserve Account to secure any particular series of Bonds and to provide for a separate reserve requirement and manner of funding such subaccount. All Bonds of the same series shall be substantially identical except as to denomination and the differences specified herein or in a Supplemental Resolution between interest rates, Stated Maturities and redemption provisions.

2.04. Form and Denominations. The form of the Bonds (other than the Series 2020 Bonds, as to which specific provision is made in Section 3) shall be established by the Supplemental Resolution creating such series.

The Bonds of any series shall be issued only as fully registered Bonds, in such denominations as shall be provided in the Supplemental Resolution creating such series (other

than the Series 2020 Bonds, as to which specific provision is made in Section 3). In the absence of any such provision with respect to the Bonds of any particular series, Bonds shall be in denominations of \$5,000 or any integral multiple thereof, of single Stated Maturities.

2.05. Execution and Delivery. Each Bond shall be executed on behalf of the City by the officials of the City specified in a Supplemental Resolution (other than the Series 2020 Bonds, as to which specific provision is made in Section 3). The signature of any official may be printed, engraved or lithographed facsimiles thereof, if permitted by applicable law. Bonds bearing the manual or facsimile signatures of individuals who were at any time the proper officials of the City shall bind the City, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the delivery of such Bonds or did not hold such offices at the date of such Bonds.

At any time and from time to time, the City may deliver Bonds executed by the proper officers of the City to the Registrar for authentication, and the Registrar shall authenticate and deliver such Bonds as specified in a Supplemental Resolution (other than the Series 2020 Bonds, as to which specific provision is made in Section 3).

2.06. Priority of Payments. All Bonds shall 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 (or a separate subaccount therein), without preference or priority of any one Bond over any other by reason of serial number, date of issue, series designation or otherwise; provided that if at any time the Net Revenues on hand in the Sewer System Fund are insufficient to pay principal and interest then due on all such Bonds, any and all Net Revenues then on hand shall be first used to pay the interest accrued on all Outstanding Bonds (*pro rata*, if necessary), and the balance shall be applied *pro rata* toward payment of the maturing principal of such Bonds.

Section 3. Series 2020 Bonds.

3.01. Term of Series 2020 Bonds. The Series 2020 Bonds shall be designated “Sewer System Revenue Refunding Bonds, Series 2020.” The Series 2020 Bonds shall be in denominations of \$5,000 or any integral multiple thereof, of single Stated Maturities. The Series 2020 Bonds shall mature, subject to redemption as hereinafter provided, on July 1 in the years and amounts listed below, and the Series 2020 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:

<u>Year</u> <u>(July 1)</u>	<u>Amount</u>	<u>Interest Rate</u>
2021	\$ 110,000	2.00%
2022	150,000	2.00
2023	155,000	2.00
2024	155,000	2.00
2025	160,000	2.00
2026	165,000	2.00

2027	165,000	2.00
2028	170,000	2.00
2030*	350,000	1.10
2032*	355,000	1.30
2034*	365,000	1.50
2036*	375,000	1.60
2037	120,000	1.70

\*Term Bond subject to mandatory sinking fund redemption as set forth in Section 3.07 below.

Interest on the Series 2020 Bonds shall be calculated on the basis of a year of 360 days composed of twelve 30-day months.

3.02. Registered Form, Interest Payment Dates. The Series 2020 Bonds shall be issuable only in fully registered form, and the ownership of the Series 2020 Bonds shall be transferred only upon the Bond Register of the City hereinafter described. The interest on the Series 2020 Bonds shall be payable on January 1 and July 1 in each year, commencing January 1, 2021. Interest on the Series 2020 Bonds shall be payable to the Owners 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 2020 Bond shall be payable by check or draft issued by the Registrar described herein.

3.03. Dated Date. Each Series 2020 Bond shall be originally dated as of September 30, 2020, and upon authentication of any Series 2020 Bond the Registrar shall indicate thereon the date of such authentication.

3.04. Registration. The City shall appoint, and shall maintain, a bond registrar, transfer agent and paying agent (the “Registrar”). This Section 3.04 shall establish a system of registration for the Series 2020 Bonds as defined in the Model Public Obligations Registration Act of Montana, Montana Code Annotated, Title 17, Chapter 5, Part 11, as amended (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 corporate trust office a Bond Register in which the Registrar shall provide for the registration of ownership of Series 2020 Bonds and the registration of transfers and exchanges of Series 2020 Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Series 2020 Bonds. Upon surrender to the Registrar for transfer of any Series 2020 Bond duly endorsed by the Owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the Owner thereof or by an attorney duly authorized by the Owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Series 2020 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 2020 Bond or portion thereof selected or called for redemption.

(c) Exchange of Series 2020 Bonds. Whenever any Series 2020 Bond is surrendered by the Owner for exchange, the Registrar shall authenticate and deliver one or more new Series 2020 Bonds of the same series and a like aggregate principal amount, interest rate and maturity, as requested by the Owner or the Owner's attorney in writing.

(d) Cancellation. All Series 2020 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 2020 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 2020 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 Owners. The City and the Registrar may treat the person in whose name any Series 2020 Bond is at any time registered in the Bond Register as the absolute owner of such Series 2020 Bond, whether such Series 2020 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 2020 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 2020 Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Series 2020 Bonds (except for an exchange upon the partial redemption of a Series 2020 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 Series 2020 Bonds. In case any Series 2020 Bond shall become mutilated or be lost, stolen or destroyed, the Registrar shall deliver a new Series 2020 Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Series 2020 Bond or in lieu of and in substitution for any such Series 2020 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 2020 Bond lost, stolen or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Series 2020 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 2020 Bonds 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

2020 Bond has already matured or such Series 2020 Bond has been called for redemption in accordance with its terms, it shall not be necessary to issue a new Series 2020 Bond prior to payment.

3.05. Appointment of Initial Registrar. The City hereby appoints AMKO Bond Services, LLC to act as Registrar. The City reserves the right to appoint a successor Registrar, as authorized by the Registration Act, 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 2020 Bonds in its possession as Registrar to the successor Registrar and shall deliver the Bond Register to the successor Registrar.

3.06. Optional Redemption. The Series 2020 Bonds with Stated Maturities on or after July 1, 2028 will be subject to redemption on July 1, 2027 and any date thereafter, at the option of the City, in whole or in part, 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 as directed by the City), 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 2020 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 by other means required by the securities depository, to the Owners of each Series 2020 Bond to be redeemed at their addresses as they appear 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 2020 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 2020 Bonds to be redeemed and the place at which the Series 2020 Bonds are to be surrendered for payment, which is the principal corporate trust office of the Registrar. Official notice of redemption having been given as aforesaid, the Series 2020 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 2020 Bonds or portions thereof shall cease to bear interest.

3.07. Mandatory Sinking Fund Redemption. The Series 2020 Bonds having a Stated Maturity in the years 2030, 2032, 2034 and 2036 are subject to mandatory sinking fund redemption on July 1 in the years and in the principal amounts set forth below, in \$5,000 principal amounts selected by the Registrar, by lot or other manner as directed by the City, plus interest accrued to the Sinking Fund Payment Date:

2030 Term Bonds

2032 Term Bonds



	Sinking Fund		Sinking Fund
July 1	Payment Amount	July 1	Payment Amount
2029	\$175,000	2031	\$175,000
<u>2034 Term Bonds</u>		<u>2036 Term Bonds</u>	
	Sinking Fund		Sinking Fund
July 1	Payment Amount	July 1	Payment Amount
2033	\$180,000	2035	\$185,000

If the Series 2020 Bonds having a Stated Maturity in 2030, 2032, 2034 and 2036 are not previously purchased by the City in the open market or prepaid, \$175,000 in principal amount would remain to mature in 2030, \$180,000 in principal amount would remain to mature in 2032, \$185,000 in principal amount would remain to mature in 2034 and \$190,000 in principal amount would remain to mature in 2036. The principal amount of the Series 2020 Bonds required to be redeemed on the above Sinking Fund Payment Dates shall be reduced by the principal amount of such Series 2020 Bonds theretofore redeemed at the option of this Council and as to which the City has not previously applied amounts to reduce the principal amount of such Series 2020 Bonds on a Sinking Fund Payment Date.

3.08. Execution and Delivery. The Series 2020 Bonds shall be forthwith prepared for execution 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, provided that said signatures may be printed, engraved or lithographed facsimiles thereof. The seal of the City need not be imprinted on or affixed to any Series 2020 Bond. When the Series 2020 Bonds have been so executed by said City officers, they shall be registered by the City Clerk-Treasurer in accordance with Montana Code Annotated, Section 7-7-4432, as amended. Notwithstanding such execution, no Series 2020 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 2020 Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Series 2020 Bonds need not be signed by the same representative. The executed certificate of authentication on each Series 2020 Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Series 2020 Bonds have been fully executed and authenticated, they 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.

3.09. Securities Depository for the Series 2020 Bonds.

(a) For purposes of this Section 3.09, the following terms shall have the following meanings:

“Beneficial Owner” means, whenever used with respect to a Series 2020 Bond, the person in whose name such Series 2020 Bond is recorded as the beneficial owner of such Series 2020 Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2020 Bonds.

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

“Participant” means any broker-dealer, bank or other financial institution for which DTC holds Series 2020 Bonds as securities depository.

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

(b) The Series 2020 Bonds of each series shall be initially issued as separately authenticated fully registered Series 2020 Bonds, and one Series 2020 Bond shall be issued in the principal amount of each stated maturity of each series of the Series 2020 Bonds. Upon initial issuance, the ownership of such Series 2020 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 Owner of the Series 2020 Bonds registered in its name for the purposes of payment of the principal of or interest on the Series 2020 Bonds, selecting the Series 2020 Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to Owners of Series 2020 Bonds under this Resolution, registering the transfer of Series 2020 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 2020 Bonds under or through DTC or any Participant, or any other Person which is not shown on the Bond Register as being an Owner, 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 2020 Bonds, with respect to any notice which is permitted or required to be given to Owners under this 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 2020 Bonds, or with respect to any consent given or other action taken by DTC as Owner of the Series 2020 Bonds. So long as any Series 2020 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 2020 Bond, and shall give all notices with respect to such Series 2020 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 2020 Bonds to the extent of the sum or sums so paid. No Person other than DTC shall receive an authenticated Series 2020 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 2020 Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the City determines to discontinue the book-entry-only system for the Series 2020 Bonds, the City may notify DTC and the Registrar, whereupon DTC

shall notify the Participants of the availability through DTC of Series 2020 Bonds in the form of certificates. In such event, the Series 2020 Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Series 2020 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 2020 Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The Representation Letter sets forth certain matters with respect to, among other things, notices, consents and approvals by Owners and Beneficial Owners and payments on the Series 2020 Bonds. The Registrar shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Resolution.

(e) In the event that any transfer or exchange of Series 2020 Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Series 2020 Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this Resolution. In the event Series 2020 Bonds in the form of certificates are issued to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all the Series 2020 Bonds, or another securities depository as Owner of all the Series 2020 Bonds, the provisions of this Resolution shall also apply to all matters relating thereto, including, without limitation, the preparation of such Series 2020 Bonds in the form of Series 2020 Bond certificates and the method of payment of principal of and interest on such Series 2020 Bonds in the form of Series 2020 Bond certificates.

3.10. Form of Series 2020 Bonds. The Series 2020 Bonds shall be prepared in substantially the form set forth in Exhibit B hereto and by this reference are made a part hereof.

#### Section 4. Additional Bonds.

4.01. General Provisions. In addition to the Series 2020 Bonds, whose issuance and delivery is provided for in Section 3, 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 Sections 4.02 and 4.03, whichever may be applicable, and upon filing with the City Clerk-Treasurer the following:

(a) A Supplemental Resolution authorizing the issuance of such series of Additional Bonds and the sale thereof to the Original Purchaser named therein for the purchase price set forth therein.

(b) A certificate executed by the Mayor and the City Clerk-Treasurer stating that upon the issuance of such series of Additional Bonds, no default hereunder has occurred and is continuing which would not be cured upon the issuance of such series of Additional Bonds and application of the proceeds thereof, and that on the date of issuance of such Additional Bonds, the balance in the Reserve Account equals the Reserve Requirement, which, unless the Additional Bonds are to be secured by a subaccount

within the Reserve Account, shall be calculated assuming the issuance of the Additional Bonds (and the defeasance of any Bonds to be defeased by application of the proceeds of the Additional Bonds on the date of issuance thereof), based on the principal amount of the Additional Bonds advanced. If the Additional Bonds are to be secured by a separate subaccount within the Reserve Account, the City shall covenant to satisfy requirements with regard to funding such subaccount as of the date of issuance of the Additional Bonds.

(c) An opinion of Bond Counsel (who may rely on factual representations of the City and which opinion may be qualified by customary qualifications and exceptions) stating that:

(A) all conditions precedent provided for in this Resolution relating to the issuance and delivery of such series of Additional Bonds have been complied with, including any conditions precedent specified in this Section 4.01; and

(B) 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.

Additional Bonds of each series may bear such dates, be payable at such places and on such dates, have such Stated Maturities, bear interest at such rates, be secured by the Reserve Account or a subaccount therein, and may be redeemable on such dates and at such prices all upon such terms as the City may determine.

4.02. Additional Bonds to Pay the Cost of Projects. Additional Bonds may be issued at any time and from time to time under this Section 4.02, subject to the conditions in Sections 4.01 and 4.02, for the purpose of providing funds to pay the cost of one or more Projects and any expenses in connection with such financing.

Prior to the execution and delivery of any series of Additional Bonds under this Section 4.02, there shall be filed with the City Clerk-Treasurer a certificate executed by the Mayor and the City Clerk-Treasurer stating that the 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 Debt Service Account in any subsequent Fiscal Year during the term of the Outstanding Bonds, on all Bonds then Outstanding and on the Additional Bonds proposed to be issued.

For the purpose of the foregoing computation, the Net Revenues for the Fiscal Year preceding the issuance of Additional Bonds shall be those shown by the financial reports caused to be prepared by the City pursuant to this Resolution, except that if the rates and charges for services provided by the System have been changed since the beginning of such preceding Fiscal Year, then the rates and charges in effect at the time of issuance of the Additional Bonds or finally authorized to go into effect within 60 days thereafter shall be applied to the quantities of service actually rendered and made available during such preceding Fiscal Year to ascertain the Gross Revenues, from which there shall be deducted to determine the Net Revenues, the actual

Operating Expenses plus any additional annual Operating Expenses which the City estimates will be incurred because of the improvement or extension of the System to be constructed from the proceeds of the Additional Bonds proposed to be issued.

4.03. Additional Bonds for Refunding Purposes. Additional Bonds may be issued at any time and from time to time under this Section 4.03, subject to the conditions provided in Section 4.01 and this Section 4.03, for the purpose of providing funds, with any other funds available and committed therefor, for paying at, or redeeming prior to, their Stated Maturities any Outstanding Bonds, including the payment of any redemption premium thereon and interest which will accrue on such Bonds to any Redemption Date or the Stated Maturities thereof, and any expenses in connection with such financing. Such Additional Bonds shall be designated substantially as the Bonds to be refunded, with the addition of the term “Refunding.”

Prior to the execution and delivery of any series of Additional Bonds under this Section 4.03, there shall be filed with the City Clerk-Treasurer:

(a) such documents as shall be required to show that provisions have been duly made in accordance with this Resolution for the refunding of the Outstanding Bonds to be refunded; and

(b) a certificate executed by the Mayor and the City Clerk-Treasurer to the effect that (a) the proceeds (excluding accrued interest but including any premium) of the Additional Bonds plus any moneys to be withdrawn from the Debt Service Account and Reserve Account for such purpose, together with any other funds deposited for such purpose, will be not less than an amount sufficient to pay the redemption price on the Outstanding Bonds to be refunded, or (b) from such proceeds there shall be deposited in trust, Defeasance Obligations which do not permit the redemption thereof at the option of the issuer, the principal of and the interest on which when due and payable (or redeemable at the option of the holder thereof) will provide, together with any other moneys which shall have been deposited in trust irrevocably for such purpose, but without reinvestment, sufficient moneys to pay such principal, redemption premium and interest.

If Additional Bonds are issued to refund Subordinate Obligations or Bond Anticipation Notes, the conditions for the issuance of Additional Bonds pursuant to Section 4.02 shall be satisfied in lieu of this Section 4.03.

4.04. Subordinate Obligations. Nothing herein prevents the City from issuing Subordinate Obligations having a lien on the Net Revenues subordinate to the lien thereon of the Bonds under this Resolution and payable solely from amounts in the Subordinate Obligations Account, subject to the prior claims of the Operating Account, Debt Service Account, Reserve Account and Note Account. Each Subordinate Obligation shall include in its title a word or phrase such as “subordinate” or “junior” or “second lien” and a clear statement that the lien thereof on Net Revenues is subordinate to the lien of all Bonds on the Net Revenues. No payment of principal or interest shall be made on any Subordinate Obligation if the City is then in default in the payment of principal of or interest on any Bond or if there is a deficiency in the Operating Account, the Debt Service Account or the Note Account or the balance in the Reserve

Account is less than the Reserve Requirement, unless such defaults would be cured upon issuance of the Subordinate Obligation.

4.05. Grant Anticipation Notes; Bond Anticipation Notes. The City may from time to time issue notes in anticipation of receipt of grant funds (“Grant Anticipation Notes”), or in anticipation of the issuance of Additional Bonds (“Bond Anticipation Notes”) subject to the following conditions:

(a) The Additional Bonds in anticipation of which Bond Anticipation Notes are issued, assuming a rate of interest and a term on the Additional Bonds as reasonably determined by the City, shall be authorized to be issued under Section 4.02 (provided that when calculating the debt service coverage requirements set forth in Section 4.02, the City shall use the Stated Maturity of the Additional Bonds and not the Stated Maturity of the Bond Anticipation Notes in such calculation).

(b) The payment of interest on Grant Anticipation Notes and Bond Anticipation Notes from the Net Revenues shall be subordinated to Outstanding Bonds.

(c) The principal of the Grant Anticipation Notes shall be payable solely from the receipt of grant funds, and the principal of the Bond Anticipation 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 Bond Anticipation Notes shall be exchanged for the Additional Bonds on a par-for-par basis.

(d) Grant Anticipation Notes and Bond Anticipation Notes shall have Stated Maturities within three years after their date of issue.

#### Section 5. Sewer System Fund.

5.01. Bond Proceeds and Gross Revenues Pledged and Appropriated. A special Sewer System Fund is hereby created and shall be maintained as a separate bookkeeping account on the official books of the City until all Bonds and interest and redemption premiums due thereon have been fully paid, or the City’s obligations with reference to such Bonds have been discharged as provided in Section 9. All proceeds of Bonds (other than refunding Bonds) and all other funds presently on hand derived from the operation of the System are irrevocably pledged and appropriated to the Sewer System Fund. In addition, there is hereby irrevocably pledged and appropriated to the Sewer System Fund all Gross Revenues and all investment earnings on all funds and accounts within the Sewer System Fund, and to the Debt Service Account are irrevocably pledged all Pledged Resort Tax Revenues. Within the Sewer System Fund shall be separate accounts designated and described in Sections 5.02 through 5.10, to segregate income and expenses received, paid and accrued for the respective purposes described in those Sections. The Gross Revenues received in the Sewer System Fund shall be apportioned monthly. All Pledged Resort Tax Revenues shall be deposited in the Debt Service Account upon receipt.

5.02. Construction Account. The Construction Account is hereby established as a separate account within the Sewer System Fund. The Construction Account shall be used only to pay as incurred and allowed Project costs which under accepted accounting practice are capital costs of Projects authorized in accordance with law, including but not limited to payments due

for work and materials performed and delivered under construction contracts, architectural, engineering, inspection, supervision, fiscal and legal expenses, the cost of lands and easements, interest accruing on Bonds during the period of construction of facilities financed thereby and for six months thereafter, if and to the extent that the Debt Service Account is not sufficient for payment of such interest, reimbursement of any advances made from other City funds, and all other expenses incurred in connection with the construction and financing of such Projects including the costs of issuance of the Bonds. To the Construction Account shall be credited as received all proceeds of Bonds issued to finance Projects and any other funds appropriated by the City for an improvement, betterment or extension to the System, and all income received from the investment of the Construction Account. Upon completion of a Project, the balance remaining in the Construction Account net of any amounts required to be transferred to the Rebate Account as required in Section 5.09 shall be credited to the Debt Service Account to the extent required to establish the required balance therein or as required by the Code and, to the extent not so required, to the Replacement and Depreciation Account.

5.03. Operating Account. The Operating Account is hereby established as a separate account within the Sewer System Fund. On each monthly apportionment there shall first be set aside and credited to the Operating Account, as a first charge on the Gross Revenues, such amount as may be required over and above the balance then held in the account to pay the reasonable and necessary Operating Expenses of the System which are then due and payable, or are to be paid prior to the next monthly apportionment. There shall also be credited to this account a sum equal to the estimated average monthly Operating Expenses of the System to establish the "Operating Reserve," which sum shall be maintained by additional transfers upon each monthly apportionment whenever necessary, or may be augmented by transfers of additional amounts from the Replacement and Depreciation Account and the Surplus Account if determined by the governing body of the City to be necessary to meet contingencies arising in the operation and maintenance of the System. Money in the Operating Account shall be used solely for the payment of current Operating Expenses of the System.

5.04. Debt Service Account. The Debt Service Account is hereby established as a separate account within the Sewer System Fund. Upon each monthly apportionment there shall be set aside and credited to the Debt Service Account out of the Net Revenues an amount equal to not less than one-sixth of the interest to become due within the next six months and one-twelfth of the principal to become due within the next twelve months with respect to Outstanding Bonds payable semiannually from the Debt Service Account; provided that the City shall be entitled to reduce any monthly credit by the amount of any Pledged Resort Tax Revenues or surplus previously credited and then on deposit in the Debt Service Account. Money from time to time held in the Debt Service Account shall be disbursed only to meet payments of principal of, premium, if any, and interest on the Bonds payable therefrom as such payments become due. If any payment of principal or interest becomes due when moneys in the Debt Service Account are temporarily insufficient therefor, such payment shall be advanced out of any amounts then on hand in the Reserve Account, the Replacement and Depreciation Account, the Surplus Account, the Subordinate Obligations Account or the Note Account, in that order.

5.05. Reserve Account. The City shall maintain a Reserve Account in the Sewer System Fund. Upon each monthly apportionment, from the Net Revenues remaining after the apportionment to the Debt Service Account, the City shall credit to the Reserve Account such

Net Revenues as may be required to establish and thereafter maintain the balance in an amount equal, as of the date of calculation, to the Reserve Requirement. Money in the Reserve Account shall be used only to pay maturing principal and interest on Outstanding Bonds when money within the Debt Service Account is insufficient therefor; provided that on any date when the balance then on hand in the Debt Service Account allocable to a series of Bonds, plus the balance then on hand in the Reserve Account allocable to the series of Bonds, is sufficient with other money available to pay or discharge all Outstanding Bonds of that series and the interest accrued thereon in full, and the balance thereafter on hand in the Reserve Account will be at least equal to the Reserve Requirement for all Outstanding Bonds and not to be discharged, it may be used for that purpose. If the balance in the Reserve Account is more than required, the excess shall be transferred to the Debt Service Account or the Replacement and Depreciation Account.

The City reserves the right to create a separate subaccount within the Reserve Account to secure any particular series of Bonds and to provide for a separate reserve requirement and manner of funding such subaccount. Otherwise, the Reserve Account is a commingled reserve and the Reserve Requirement applies to all series of Bonds secured by the commingled Reserve Account.

On the date of issuance of the Series 2020 Bonds, from the debt service reserve account for the Refunded Bonds, the City will transfer \$98,959 to the payment of the redemption price of the Refunded Bonds, and \$98,490 to the Reserve Account for the Series 2020 Bonds. Following such transfer, on the date of issuance of the Series 2020 Bonds, the balance in the Reserve Account (\$98,490), will be equal to the Reserve Requirement with respect to the Series 2020 Bonds.

5.06. Subordinate Obligations Account. Upon the issuance of any Subordinate Obligations as permitted by Section 4.04, there shall be established a Subordinate Obligations Account within the Sewer System Fund. Upon each monthly apportionment, there shall be credited to the Subordinate Obligations Account, from the Net Revenues remaining after the required credits to the Debt Service Account, the Reserve Account and the Note Account, such amount as may be required to pay Subordinate Obligations, including reasonable reserves therefor, as provided by any Supplemental Resolution or other instrument. Money on hand in the Subordinate Obligations Account shall be transferred to the Operating Account, the Debt Service Account, the Reserve Account or the Note Account if at any time the balance on hand in any such accounts, after any transfer elsewhere authorized, is not sufficient to pay all costs payable therefrom.

5.07. Replacement and Depreciation Account. The Replacement and Depreciation Account is hereby established as a separate account within the Sewer System Fund. There shall be set aside and credited, upon each monthly apportionment, to the Replacement and Depreciation Account such portion of the Net Revenues, in excess of the current requirements of the Debt Service Account, the Reserve Account, the Note Account and the Subordinate Obligations Account, as the City shall determine to be required for replacement or renewal of worn out, obsolete or damaged properties and equipment thereof. Money in the Replacement and Depreciation Account shall be used only for the purposes above stated, and funds in excess of the current requirements of the Replacement and Depreciation Account shall be credited to the Surplus Account. The City may establish one or more subaccounts in the Replacement and



Depreciation Account by Supplemental Resolution in connection with the issuance of a series of Additional Bonds.

5.08. Surplus Account. The Surplus Account is hereby established as a separate account within the Sewer System Fund. Any amount of the Net Revenues from time to time remaining after the above-required applications thereof shall be credited to the Surplus Account, and the moneys from time to time in that account, when not required to restore a current deficiency in the Operating Account, Debt Service Account, Reserve Account, Note Account or Subordinate Obligations Account, may be used for any lawful purpose in accordance with the Act; provided that no money shall at any time be transferred from the Surplus Account or any other account of the Sewer System Fund to any other fund of the City, nor shall such moneys at any time be loaned to other City funds or invested in warrants, special improvement bonds or other obligations payable from other funds, except as provided in Section 5.11.

5.09. Note Account. If a Bond Anticipation Note is Outstanding, all Net Revenues remaining after the required credits to the Revenue Account and the Reserve Account provided in Sections 5.04 and 5.05 hereof shall be credited to the Note Account to the extent necessary to cure a deficiency therein, subject to the prior lien of the Debt Service Account and the Reserve Account. The Note Account is used for deposit of proceeds of definitive Bonds or grants, the proceeds of which are to be used to pay and redeem Bond Anticipation Notes or Grant Anticipation Notes, respectively.

5.10. Rebate Account. The Rebate Account is hereby established as a separate account within the Sewer System Fund. The City shall make deposits to and disbursements from the Rebate Account or subaccounts therein in accordance with a Rebate Certificate, and shall invest the money on hand in the Rebate Account pursuant to the requirements of the Rebate Certificates, and shall deposit income from such investments immediately upon receipt thereof in the Rebate Account.

5.11. Deposit and Investment of Funds. The City Clerk-Treasurer shall cause all moneys from time to time in the Sewer System Fund to be deposited as received with one or more depository banks duly qualified in accordance with the provisions of Montana Code Annotated, Title 7, Chapter 6, Part 2, as amended, and no money shall at any time be withdrawn from such deposit accounts except for the purposes of the Sewer System Fund as defined and authorized by this Resolution. The funds to the credit of the Sewer System Fund may be commingled in one or more deposit accounts. The balance on hand in the Sewer System Fund may at any time be invested and reinvested in accordance with applicable law, including Montana Code Annotated, Title 7, Chapter 6, Part 2, as amended.

## Section 6. Other Covenants of City.

6.01. General. The City covenants and agrees with the Owners from time to time of all Bonds that until all Bonds are fully discharged as provided in this Resolution, it will continue to hold, maintain and operate the System as a public convenience, free from all liens thereon or on the income therefrom other than the liens herein granted or provided for, and will maintain, expend and account for its Sewer System Fund and the several accounts therein as provided in Section 5, and will not incur a further lien or charge on the income or revenues of the System

except upon the conditions and in the manner prescribed in Section 4, and will perform and cause all officers and employees of the City to perform and enforce each and all of the additional covenants and agreements set forth in this Section 6. The City further covenants to cause the System to be properly maintained in good operating condition.

6.02. Competing Service. The City will not establish or enfranchise any other facilities in competition with the facilities of the System.

6.03. Property Insurance. The City will cause all buildings, properties, fixtures and equipment constituting a part of the System to be kept insured with a reputable insurance carrier or carriers, qualified under the laws of the State, in such amounts as are ordinarily carried, and against loss or damage by such hazards and risks as are ordinarily insured against, by public bodies owning and operating properties of a similar character and size; provided that if at any time the City is unable to obtain insurance, it will obtain insurance in such amounts and against such risks as are reasonably obtainable. This covenant shall not preclude the City's ability to participate in the self-insurance program established by the Montana Municipal Insurance Association. The proceeds of all such insurance shall be available for the repair, replacement or reconstruction of damaged or destroyed property, and until paid out in making good such loss or damage, are pledged as security for the Outstanding Bonds. All insurance proceeds received in excess of the amount required for restoration of the loss or damage compensated thereby shall be and become part of the Gross Revenues appropriated to the Sewer System Fund. If for any reason insurance proceeds are insufficient for the repair, replacement and reconstruction of the insured property, the City shall supply the deficiency from amounts on hand in the Replacement and Depreciation Account and the Surplus Account. The premiums for all insurance and bonds required by this Section 6.03 constitute part of the Operating Expenses of the System.

6.04. Liability Insurance and Surety Bonds. The City will carry insurance against liability of the City and its employees for damage to persons and property resulting from the operation of the System in such amounts as the City determines from time to time to be necessary or advisable by reason of the character and extent of such operation. This covenant shall not preclude the City's ability to participate in the self-insurance program established by the Montana Municipal Insurance Association. It will also cause all persons handling money and other assets of the Sewer System Fund to be adequately bonded for the faithful performance of their duties and to account for and pay over such money to the City. All amounts received under such insurance and bonds shall be applied to the payment of the loss or damage covered thereby. The premiums for all insurance and bonds required by this Section 6.04 constitute part of the Operating Expenses of the System.

6.05. Disposition of Property. The City will not mortgage, lease, sell or otherwise dispose of any real or personal properties of the System, unless:

(a) Prior to or simultaneous with such mortgage, lease, sale or other disposition, all of the Bonds then Outstanding shall be discharged as provided in Section 9; or

(b) The properties to be mortgaged, leased sold or otherwise disposed of are unserviceable, inadequate, obsolete or no longer required for use in connection with the

System; (i) the mortgage, lease, sale or other disposition will not prevent the City from complying with the provisions of this Resolution; and (ii) all proceeds of the mortgage, lease, sale or other disposition of such properties are deposited into the Sewer System Fund.

6.06. Books and Records. The City will cause proper and adequate books of record and account to be kept showing complete and correct entries of all receipts, disbursements and other transactions relating to the System, the Net Revenues derived from its operation, and the segregation and application of the Net Revenues in accordance with this Resolution, in such reasonable detail as may be determined by the City in accordance with generally accepted accounting practice and principles. It will cause such books to be maintained on the basis of a Fiscal Year. The cost of such bookkeeping and audits and of the billings and collection of the Net Revenues shall be Operating Expenses of the System.

6.07. Handling of Funds. The employees of the City, under the direction and control of the City Clerk-Treasurer, shall keep books of accounts and collect the rates, charges and rentals for the services and facilities provided by the System and for other money currently receivable on account thereof. All money collected with respect to the System shall be deposited as received with the City Clerk-Treasurer. The City Clerk-Treasurer shall be bonded at all times with a surety company authorized to do business in the State, in the amount of at least \$100,000, to assure the faithful carrying out of such duties, which requirement may be satisfied by a blanket bond covering other City employees as well as the City Clerk-Treasurer. The bond premiums payable under this Section 6.07 shall be Operating Expenses of the System.

6.08. Rates and Charges. While any Bonds or Subordinate Obligations are Outstanding and unpaid, the rates, charges and rentals for all services and facilities furnished and made available by the System to the City and its inhabitants, and to all customers within or without the boundaries of the City, shall be reasonable and just, taking into consideration the cost and value of the System and the cost of maintaining and operating it, and the amounts necessary for the payment of all Outstanding Bonds and the interest accruing thereon and all Subordinate Obligations and the interest accruing thereon, and the proper and necessary allowances for the depreciation of the System. No free service shall be provided to any third parties. It is covenanted and agreed that the rates, charges and rentals to be charged to all recipients of sewer services shall be maintained and shall be revised whenever and as often as may be necessary, according to schedules such that the Gross Revenues for each Fiscal Year shall be sufficient to pay the Operating Expenses and to maintain the Operating Reserve, to produce Net Revenues (including Pledged Resort Tax Revenues) during each Fiscal Year, commencing with the Fiscal Year ending June 30, 2021, not less than 120% of the maximum annual Principal and Interest Requirements on the Outstanding Bonds in the current or any future Fiscal Year and to maintain the balance in the Reserve Account equal to the Reserve Requirement, and to produce surplus Net Revenues during each Fiscal Year sufficient to pay principal and interest on any Subordinate Obligations and to provide reserves for the replacement and depreciation of the System.

If at the close of any Fiscal Year the Gross Revenues and Net Revenues actually received during such year have been less than required hereby, the City will forthwith prepare a schedule of altered rates, charges and rentals which are just and equitable and sufficient to produce Gross

Revenues and Net Revenues in such amounts, and place such schedule in operation at the earliest possible date.

6.09. Billing. The charges for sewer services shall be billed at least monthly, and if the bill is not paid within 60 days of the date of billing, or if the customer fails to comply with all rules and regulations established for the System within 60 days after notice of violation thereof (which notice shall be given promptly upon discovery of any such violation), the City shall take appropriate legal action to collect the unpaid charges.

6.10. Pledge of Resort Tax Revenues.

(a) The City hereby appropriates to the Debt Service Account, for each Fiscal Year any Bond is Outstanding, from Resort Tax Revenues an amount equal to the Pledged Resort Tax Revenues; provided, however, that:

(i) The City reserves the right to reduce or terminate such appropriation for the current or any future Fiscal Years if and to the extent that the Net Revenues of the System (not taking into account the Pledged Resort Tax Revenues so released) are otherwise sufficient to meet all the requirements of this Resolution and the City would not be in default in its covenants and agreements hereunder.

(ii) The City's current authorization to levy resort taxes expires July 9, 2045, unless the electorate of the City authorizes the City to continue levying the resort tax for a period of up to twenty-five years. The expiration or termination of the City's legal authority to levy the Resort Tax shall not constitute a default hereunder.

(b) The City covenants and agrees that, so long as it is permitted to levy the Resort Tax, it will not amend or repeal the Resort Tax Ordinances by decreasing the resort tax rate or otherwise reducing the amount of Pledged Resort Tax Revenues which would otherwise be collected and deposited in the Debt Service Account. However, nothing shall prevent the City from amending the Resort Tax Ordinances to make changes in the administration, collection or enforcement of the resort tax so long as such changes do not materially adversely affect the interests of the owners of or the security for Outstanding Bonds.

(c) The City will administer, enforce and collect, or cause to be administered, enforced or collected, the Pledged Resort Tax Revenues as authorized by the Resort Tax Ordinances and the Resort Tax Act and shall take such action as may be necessary to collect, or cause to be collected, delinquent payments in accordance with law.

Section 7. Supplemental Resolutions.

7.01. 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 Owners of Outstanding Bonds, or for the purpose of adding to the covenants and agreements herein contained, or to the Net Revenues herein pledged, other covenants and agreements hereafter to be observed and additional revenues or income hereafter appropriated to the Sewer System 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, including Bonds secured by a separate subaccount within the Reserve Account, as provided in and subject to the conditions and requirements of Section 4. Any such Supplemental Resolution may be adopted by Supplemental Resolution, without the consent of the Owner of any of the Bonds issued hereunder.

7.02. Consent of Owners. With the consent of the Owners of a majority in principal amount of Outstanding Bonds affected thereby as provided in Section 7.04, 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 Owners of all Outstanding Bonds affected thereby, if it would extend the time of payment of interest thereon, would reduce the amount of the principal thereof or premium thereon, would give to any Bond or Bonds any privilege over any other Bond or Bonds, would reduce the sources of Gross Revenues or income appropriated to the Sewer System Fund, or would reduce the percentage in principal amount of such Bonds required to authorize or consent to any such Supplemental Resolution. For purposes of this Section 7.02, Bonds shall be deemed to be “affected” by a Supplemental Resolution if such Supplemental Resolution adversely affects or diminishes the rights of Owners thereof against the City or the Net Revenues.

7.03. Notice. Notice of a Supplemental Resolution to be adopted pursuant to Section 7.02 shall be mailed by first-class mail, postage prepaid, or by such other means as required by the securities depository, to the Owners of all Outstanding 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 Owners of not less than a majority in principal amount of Outstanding Bonds affected thereby. 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 Owners thereof in person or by agent duly appointed in writing, and shall become effective when delivered to the City Clerk-Treasurer. Any consent by the Owner of any Bond shall bind that Owner and every future Owner of the same Bond with respect to any Supplemental Resolution adopted by the City pursuant to such consent; provided that any Owner may revoke its 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 Owners 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.

7.04. Manner of Consent. Proof of the execution of any consent, or of a writing appointing any agent to execute the same, 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 7.04.

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 any Bonds shall be proved by the Bond Register.

Section 8. Remedies. No Owner of any Bond 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 Owners of not less than 25% in aggregate principal amount of all such Bonds which are at the time Outstanding; but the Owners of such amount of Bonds may, either at law or in equity, by suit, action or other proceedings, protect and enforce the rights of all Owners of 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, including but not limited to the fixing and maintaining of rates, fees, charges and rentals and the collection and proper segregation of the Gross Revenues and the application and use thereof. The Owners of a majority in principal amount of Outstanding Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Owners or 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. Nothing herein, however, shall impair the absolute and unconditional right of the Owner of each 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 any such payment. Any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the City with power to charge and collect rates, fees, charges and rentals sufficient to provide for the payment of any Bonds, and to apply the Net Revenues in conformity with this Resolution and the laws of the State.

Section 9. Defeasance or Discharge.

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 9, all pledges, covenants and other rights granted by this Resolution to the Owners of such Bonds shall cease.

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 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 principal, interest and premium, if

any, which are then due thereon; 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 Bond 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, cash or Defeasance Obligations which are authorized by law to be so deposited, 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 premiums, if any, to become due on such Bond at its Stated Maturity or, if such Bond is prepayable and notice of redemption thereof has been given or irrevocably provided for, to such earlier Redemption Date.

Section 10. 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 2020 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 11. Tax Covenants and Certifications.

11.01. Use of Facilities. The Refunded Bonds financed and refinanced certain improvements to the System (collectively, the “Financed Facilities”), which have been and will continue to be owned and operated by the City and available for use by to members of the general public on a substantially equal basis. No user of the System is granted any concession, license or special arrangement with respect to the System. The City shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the Financed Facilities or the System or security for the payment of the Series 2020 Bonds which might cause the Series 2020 Bonds to be considered “private activity bonds” or “private loan bonds” within the meaning of Section 141 of the Code.

11.02. General Covenant. The City covenants and agrees with the Owners from time to time of the Series 2020 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 2020 Bonds to become includable in gross income for federal income tax purposes under the Code and applicable Treasury Regulations (the “Regulations”), and covenants to take any and all actions within its powers to ensure that the interest on the Series 2020 Bonds will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

11.03. Arbitrage Certification. The Mayor and the City Clerk-Treasurer, being the officers of the City charged with the responsibility for issuing the Series 2020 Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Original Purchaser a certificate in accordance with the provisions of Section 148 of the Code, and Section 1.148-2(b) of the Regulations, stating that on the basis of facts, estimates and circumstances in existence on

the date of issue and delivery of the Series 2020 Bonds, it is reasonably expected that the proceeds of the Series 2020 Bonds will not be used in a manner that would cause the Series 2020 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and the Regulations.

11.04. Arbitrage Rebate. The City acknowledges that the Series 2020 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 2020 Bonds from gross income for federal income tax purposes, unless the Series 2020 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 2020 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.

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

11.06. “Qualified Tax-Exempt Obligations.” Pursuant to Section 265(b)(3)(B)(ii) of the Code, the City hereby designates the Series 2020 Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. The City has not designated any obligations in 2020 under Section 265(b)(3) other than the Series 2020 Bonds. 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 2020 in an amount greater than \$10,000,000.

## Section 12. 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 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 13. Repeals and Effective Date.

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

13.02. Effective Date. This 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 22nd of September, 2020.

Attest:   
City Clerk-Treasurer

  
Mayor

(SEAL)

EXHIBIT A

OFFICIAL BID FORM

CITY OF RED LODGE  
 CARBON COUNTY, MONTANA  
 \$2,795,000  
 Sewer System Revenue Refunding Bonds, Series 2020

September 15, 2020

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 \$2,795,000 Sewer System Revenue Refunding Bonds, Series 2020, dated the date of delivery, we will pay you \$2,831,237.85, for Bonds paying interest on January 1, 2021, 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
2021	\$110,000	2.000%	0.250%	756781 BG4	2026	\$165,000	2.000%	0.750%	756781 BM1
2022	\$150,000	2.000%	0.300%	756781 BH2	2027	\$165,000	2.000%	0.900%	756781 BN9
2023	\$155,000	2.000%	0.350%	756781 BJ8	2028	\$170,000	2.000%	1.000%	756781 BP4
2024	\$155,000	2.000%	0.400%	756781 BK5	2037	\$120,000	1.700%	1.700%	756781 BY5
2025	\$160,000	2.000%	0.600%	756781 BL3					
	\$350,000	1.100%		Term Bond Due July 1, 2030	Yield: 1.150%				CUSIP: 756781 BR0
	\$355,000	1.300%		Term Bond Due July 1, 2032	Yield: 1.300%				CUSIP: 756781 BT6
	\$365,000	1.500%		Term Bond Due July 1, 2034	Yield: 1.500%				CUSIP: 756781 BV1
	\$375,000	1.600%		Term Bond Due July 1, 2036	Yield: 1.600%				CUSIP: 756781 BX7

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 September 30, 2020).

Respectfully,  
 Account Manager

Piper Sandler

By: Darci L. Donoff

Telephone No. 612-303-2116

FOR INFORMATION PURPOSES:
Total True Interest Cost \$ <u>359,596.54</u>
Total Interest Cost <u>1.411356%</u>

Account members on back . . . . .

EXHIBIT B

[Form of Series 2020 Bond]

UNITED STATES OF AMERICA  
STATE OF MONTANA  
COUNTY OF CARBON

**CITY OF RED LODGE**

SEWER SYSTEM REVENUE REFUNDING BOND,  
SERIES 2020

No. \_\_\_\_\_ \$ \_\_\_\_\_

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
%	July 1,	September 30, 2020	756781 [____]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS AND NO/100

FOR VALUE RECEIVED, THE CITY OF RED LODGE, CARBON COUNTY, STATE OF MONTANA (the "City"), acknowledges itself to be indebted and hereby promises to pay to the registered owner named above, or registered assigns, solely from the Debt Service Account of its Sewer 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, and to pay interest on said principal amount to the registered owner hereof from the Date of Original Issue set forth above or from such later date to which interest has been paid or duly provided for until this Bond is paid or, if this Bond is prepayable, until it has been duly called for redemption, at the rate specified above. Principal of this Bond is payable upon presentation and surrender hereof to AMKO Bond Services, LLC, as registrar, transfer agent and paying agent, or its successor designated under the Resolution described herein (the "Registrar") at its operations center. The interest on this Bond shall be payable on January 1 and July 1 in each year, commencing January 1, 2021. Interest on the Series 2020 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 each Bond shall be payable by check or draft issued by the Registrar described herein. 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 composed of twelve 30-day months.

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 a duly authorized issue of Bonds of the City designated as “Sewer System Revenue Bonds” (collectively, the “Bonds”), issued and to be issued in one or more series under, and all equally and ratably secured by Resolution No. 3555, adopted by the City Council on September 22, 2020 (as amended or supplemented in accordance with the provisions thereof, 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 Owners of the Bonds and the City and the terms upon which the Bonds are to be issued and delivered. As provided in the Resolution, the Bonds are issuable in series which may vary as in the Resolution provided or permitted. This Bond is one of the series specified in its title, issued in the aggregate principal amount of \$2,795,000 (the “Series 2020 Bonds”), all of like date of original issue and tenor except as to serial number, denomination, interest rate, maturity date and redemption privilege. The Series 2020 Bonds are issued by the City for the purpose of refunding the City’s outstanding Sewerage System Revenue Bond, Series 2002A and Sewerage System Revenue Bond, Series 2002B, and paying costs of issuance and of the refunding. Capitalized terms used herein but not otherwise defined shall have the respective meanings given such terms in the Resolution.

The Series 2020 Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Montana, particularly Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as amended or supplemented (the “Act”), Montana Code Annotated, Title 7, Chapter 6, Part 15, as amended or supplemented (the “Resort Tax Act”), and pursuant to the Resolution. The Series 2020 Bonds are payable solely and ratably from Net Revenues pledged to the payment thereof.

Reference is made to the Resolution for a more complete statement of the terms and conditions upon which the Series 2020 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 2020 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 2020 Bonds.

The Series 2020 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 as directed by the City), at a Redemption Price equal to the principal amount thereof and interest accrued to the Redemption Date, without premium.

The Series 2020 Bonds having a Stated Maturity in the years 2030, 2032, 2034 and 2036 are subject to mandatory sinking fund redemption on July 1 in the years and in the principal amounts set forth below, in \$5,000 principal amounts selected by the Registrar, by lot or other manner as directed by the City, plus interest accrued to the Sinking Fund Payment Date:

<u>2030 Term Bonds</u>		<u>2032 Term Bonds</u>	
Sinking Fund		Sinking Fund	
July 1	Payment Amount	July 1	Payment Amount
2029	\$175,000	2031	\$175,000

<u>2034 Term Bonds</u>		<u>2036 Term Bonds</u>	
Sinking Fund		Sinking Fund	
July 1	Payment Amount	July 1	Payment Amount
2033	\$180,000	2035	\$185,000

If the Series 2020 Bonds having a Stated Maturity in 2030, 2032, 2034 and 2036 are not previously purchased by the City in the open market or prepaid, \$175,000 in principal amount would remain to mature in 2030, \$180,000 in principal amount would remain to mature in 2032, \$185,000 in principal amount would remain to mature in 2034 and \$190,000 in principal amount would remain to mature in 2036. The principal amount of the Series 2020 Bonds required to be redeemed on the above Sinking Fund Payment Dates shall be reduced by the principal amount of such Series 2020 Bonds theretofore redeemed at the option of this Council and as to which the City has not previously applied amounts to reduce the principal amount of such Series 2020 Bonds on a Sinking Fund Payment Date.

As provided in the Resolution and subject to certain limitations set forth therein, this Series 2020 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 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 Series 2020 Bonds of other authorized denominations. Upon any such transfer or exchange, the City will cause a new Series 2020 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 2020 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.**

The City and the Registrar 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 neither the City nor the Registrar shall be affected by any notice to the contrary.

The Series 2020 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 will prescribe and collect reasonable rates, fees, charges and rentals for all services and facilities afforded by the System, and has created a special Sewer System Fund into which the Gross Revenues of the System will be paid and a separate and special Debt Service Account in the Sewer System Fund into which will be paid monthly, from and as a first and prior lien on the Net Revenues of the System, 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 Debt Service Account; that the City has created a Reserve Account in the Sewer System Fund into which shall be paid additional Net Revenues, after required credits to the Debt Service Account, sufficient to maintain a reserve therein equal to the Reserve Requirement; that the Debt Service Account will be used only to pay the principal of, premium, if any, and interest on the Bonds pursuant to the Bond Resolution; 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 any future Fiscal Year; that Additional Bonds may be issued and made payable from the Debt Service Account on a parity with the outstanding Series 2020 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 2020 Bonds on such Net Revenues; that all provisions for the security of the holder of this Series 2020 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 2020 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 2020 Bond and the interest hereon are payable solely from the Net Revenues of the System pledged and appropriated to the Debt Service 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 2020 Bonds does not cause either the general or the special indebtedness of the City to exceed any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by the manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Red Lodge, Montana, by its City Council, has caused this Bond to be executed by the facsimile signatures of the Mayor, the City Clerk-Treasurer and the City Clerk-Treasurer, and by a printed facsimile of the official seal of the City.

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.

AMKO Bond Services, LLC,  
as Registrar, Transfer Agent, and  
Paying Agent

By \_\_\_\_\_  
Authorized Signature



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

under Uniform Gifts to

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

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.

## EXHIBIT C

\$2,795,000  
Sewer System Revenue Refunding Bonds, Series 2020  
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 \$2,795,000 Sewer System Revenue Refunding Bonds, Series 2020 (the “Bonds”), as of this 30<sup>th</sup> day of September, 2020.

(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 ended June 30, 2020, 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 customer rates in a format similar to the table “Sewer Rates” in the Official Statement dated September 15, 2020 relating to the Bonds (the “Official Statement”);

(2) updated information regarding the number of customer accounts for such fiscal year in a format similar to the table “Total Customer 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 Sewer System Customers;” and

(4) the debt service coverage ratio for such fiscal year.

Notwithstanding anything herein, if the audited financial statements are not available by the date specified above, 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 following the occurrence of the event, 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 City;

(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 City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, 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, 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, unless it may be terminated in the future in compliance with changes to the Rule.

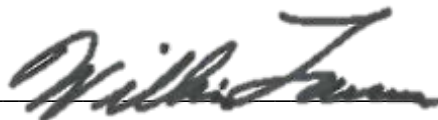
(2) This Continuing Disclosure Undertaking (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (b)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of the City 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: September 30, 2020

CITY OF RED LODGE, MONTANA

By   
Mayor

By   
City Clerk-Treasurer