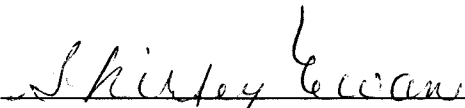


CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Laurel, Montana (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. R15-41, entitled: "RESOLUTION RELATING TO \$169,000 SPECIAL IMPROVEMENT DISTRICT NO. 117 BOND; FIXING THE FORM AND DETAILS AND PROVIDING FOR THE EXECUTION AND DELIVERY THEREOF AND 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 June 2, 2015, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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: Stokes, Mountsier, Nelson, Dickerson, McGee, Eaton; voted against the same: _____; abstained from voting thereon: _____; or were absent: Herr.

WITNESS my hand officially this 2nd day of June, 2015.



City Clerk/Treasurer

RESOLUTION NO. R15-41

RESOLUTION RELATING TO \$169,000 SPECIAL
IMPROVEMENT DISTRICT NO. 117 BOND; FIXING THE
FORM AND DETAILS AND PROVIDING FOR THE
EXECUTION AND DELIVERY THEREOF AND SECURITY
THEREFOR

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

Section 1. Recitals. It is hereby found, determined and declared as follows:

1.01. Resolution of Intention. By Resolution No. R15-25, adopted April 21, 2015 (the "Resolution of Intention"), this Council declared its intention to create Special Improvement District No. 117 (the "District"), for the purpose of making special improvements for the special benefit of the District. The Resolution of Intention designated the number of the District, described the boundaries thereof, stated whether the District was an extended district and stated the general character of the improvements to be made (the "Improvements") and an approximate estimate of the costs thereof, in accordance with the provisions of Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended, as amended (the "Act"). By the Resolution of Intention this Council also declared its intention to cause the cost and expense of making certain of the improvements specially benefiting the District to be assessed against the properties included within the boundaries thereof in accordance with one or more methods of assessment authorized in Montana Code Annotated, Sections 7-12-4161 to 7-12-4165 and as set forth in the Resolution of Intention. The Resolution of Intention provided that the \$169,000 estimated cost of Improvements and related costs would be paid from Special Improvement District Bonds drawn against the District (the "Bond").

In the Resolution of Intention, this Council further found that it is in the public interest, and in the best interest of the City and the District, to secure payment of principal of and interest on the Bond by the Special Improvement District Revolving Fund of the City (the "Revolving Fund"), on the basis of the factors required to be considered under Section 7-12-4225 of the Act. Those findings are hereby ratified and confirmed.

1.02. Notices. Notice of the passage of the Resolution of Intention was given by two publications, with at least six days between publications, in a qualified newspaper of general circulation in the City, as required by Montana Code Annotated, Sections 7-12-4106(2) and 7-1-2121. Notice of the passage of the Resolution of Intention was also mailed to all persons, firms or corporations or the agents thereof having real property within the District listed in their names upon the last completed assessment roll for state, county and school district taxes, at their last known addresses. The notice described the general character of the Improvements, stated the estimated cost of the Improvements and the method or methods of assessment of such costs against properties in the District, specified the time when and the place where the Council would hear and pass upon all protests made against the making of the Improvements or the creation or extension of the District, referred to the Resolution of Intention as being on file in the office of

the City Clerk/Treasurer for a description of the boundaries of the District, all in accordance with the provisions of the Resolution of Intention, and included a statement that, subject to the limitations of Section 7-12-4222 of the Act, the general fund of the City may be used to provide loans to the revolving fund or a general tax levy may be imposed on all taxable property in the City to meet the financial requirements of the revolving fund.

1.03. Creation of District. At the time and place specified in the notice hereinabove described, this Council met to hear, consider and pass upon all protests made against the making of the Improvements and the creation of the District, and, after consideration thereof, it was determined and declared that insufficient protests against the creation or extension of the District or the proposed work had been filed in the time and manner provided by law by the owners of the property to be assessed for the Improvements in the District, and this Council did therefore by Resolution No. 15-35, adopted May 19, 2015, create the District and order the proposed Improvements in accordance with the Resolution of Intention. In the resolution creating the District, the City Council also confirmed the findings it made with respect to the pledge of the Revolving Fund in the Resolution of Intention.

1.04. Construction Contracts. The City will cause or has caused to be constructed certain Improvements as described in the Resolution of Intention, in conjunction with a larger street maintenance project (the "Project"). Plans, specifications, maps, profiles and surveys for construction of the Project and the Improvements to be constructed to benefit the District were prepared by the engineers acting for the City or by City engineers, and were thereupon examined and approved by this Council. Advertisements for bids for construction of the Project and the Improvements were published in the official newspaper of the City in accordance with the provisions of Montana Code Annotated, Section 7-12-4141, after which the bids theretofore received were opened and examined. After referring the bids to the engineers for the City it was determined that the lowest regular proposal for the furnishing of all work and materials required for constructing the Project and the Improvements in accordance with the approved plans and specifications was the following:

District No. 117:

<u>Work</u>	<u>Bidder</u>	<u>Contract Price</u>
Removal of existing sidewalks, construction and installation of new sidewalks, drive approaches and related improvements	Wilson Brothers, LLC	\$146,687.50

Contracts for the construction of the Project and the Improvements were therefore awarded to said bidder, subject to the right of owners of property liable to be assessed for the costs thereof to elect to take the work related to the Improvements and enter into written contracts therefor in the manner provided by Montana Code Annotated, Section 7-12-4147, whereupon the City and the successful bidder entered into written contracts for construction of the Project and the Improvements upon the bidder having executed and filed bonds satisfactory to this Council and in the form and manner provided by Montana Code Annotated, Title 18, Chapter 2, Part 2, as amended.

1.05. Costs. It is currently estimated that the costs and expenses to be assessed against properties benefited by the Improvements, including costs of preparation of plans, specifications, maps, profiles, engineering superintendence and inspection, preparation of assessment rolls, expenses of making the assessments, the cost of work and materials under the construction contract and all other costs and expenses, including the deposit of proceeds in the Revolving Fund, are \$169,000. Such amount will be levied and assessed upon the assessable real property within the District on the basis described in the Resolution. This Council has jurisdiction and is required by law to levy and assess such amount, to collect such special assessments and credit the same to the Special Improvement District fund created for the District, which fund is to be maintained on the official books and records of the City separate from all other City funds, for the payment of principal and interest when due on the Bond herein authorized.

1.06. Board of Investments; INTERCAP Revolving Program. Pursuant to Montana Code Annotated, Section 2-15-1808 and Title 17, Chapter 5, Part 16, as amended, and in accordance with the Indenture of Trust, dated as of March 1, 1991 as amended and supplemented (the "Indenture"), between the Board of Investments of the State of Montana (the "Board of Investments") and U.S. Bank National Association (formerly known as U.S. Bank Trust National Association MT and before that as First Trust Company of Montana National Association), as Trustee (with any successor trustee thereunder) (the "Trustee"), the Board of Investments has established its INTERCAP Revolving Program (the "INTERCAP Program" or "Program") pursuant to which the Board of Investments will issue and remarket, from time to time, its Annual Adjustable Rate Tender Option Municipal Finance Consolidation Act Bonds (INTERCAP Revolving Program) (the "Board Bonds"), for the purpose of making loans to local government units to finance or refinance the acquisition and installation of equipment, personal and real property improvements, to provide temporary financing of projects or for other authorized corporate purposes of a local government unit. All Board Bonds issued under the Indenture are secured equally and ratably thereunder and bear interest at a rate that is adjustable annually, effective for the period commencing on or about February 16 and ending on or about the next succeeding February 15.

1.07. Sale and Issuance of Bond. For the purpose of financing the costs and expenses of making the Improvements, which are to be assessed against the property within the District as provided in the Resolution of Intention, this Council hereby authorizes the negotiated sale of the Bond in the principal amount of \$169,000 to the Board of Investments, in accordance with the provisions of Montana Code Annotated, Section 7-12-4204(2), upon the further terms set forth in this resolution. The Board of Investments will fund its purchase of the Bond from the proceeds of a series of Board Bonds or from loan payments made with respect to loans funded from such proceeds. The Bond may bear a variable rate of interest and be sold at a private negotiated sale since the principal amount of the Bond does not exceed \$500,000 and no marketability opinion is required since the principal amount of the Bond does not exceed \$250,000.

1.08. Recitals. All acts, conditions and things required by the Constitution and laws of the State of Montana, including Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, in order to make the Bond a valid and binding special obligation in accordance with its terms and in accordance with the terms of this resolution have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required.

Section 2. The Bond.

2.01. Principal Installments, Maturities, Denominations, Date, Interest Rates. For the purpose of paying the costs and expenses incurred in construction of the Improvements and incidental costs, and in anticipation of the collection of special assessments to be levied therefor, and in accordance with the sale described in Section 1.07, the City shall forthwith issue and deliver to the Board of Investments the Bond payable solely from the Special Improvement District No. 117 Fund (the "District Fund") and denominated "City of Laurel Special Improvement District No. 117 Bond."

The Bond shall be in the maximum principal amount of \$169,000, dated, as originally issued, and be registered as of the date of delivery to the Board of Investments. Upon each disbursement of proceeds of the Bond, the Board of Investments shall enter the amount advanced on Schedule A attached to the Bond under "Advances" and the total amount advanced under this Resolution, including such disbursement, under "Total Amount Advanced." The Bond shall be lettered and numbered R-1 and shall be payable semi-annually each February 15 and August 15, commencing February 15, 2016 with a final stated maturity date of August 15, 2030, subject to redemption as herein provided, and shall bear interest on the principal amount thereof advanced at the rate per annum equal to the Loan Rate (as hereinafter defined), as such may be adjusted from time to time as hereinafter provided. Interest shall be computed on the basis of the actual number of days in the years and the actual number of days amounts advanced under the Bond are outstanding. All outstanding principal, together with accrued and unpaid interest on the Bond, shall be payable on the final stated maturity of the Bond. Payments of principal of and interest on the Bond shall be made to the registered holder of the Bond (the "Holder"), at its address as it appears on the Register on the date such principal and interest are payable, in lawful money of the United States of America.

Outstanding principal of the Bond shall bear interest from the date of advancement thereof under the Bond until paid at the Loan Rate, as such may be adjusted from time to time as hereinafter provided. Interest on the Bond shall be payable on each February 15 and August 15, commencing February 15, 2016 to the owners of record thereof as such appear on the bond register on the date of payment, whether or not such day is a business day. The Bond shall represent all the principal installments of the issue.

For purposes of this Resolution, "Loan Rate" shall mean, for the period from the date of original registration of the Bond until February 15, 2016, the rate of 1.25% per annum, and, for each twelve-month or shorter period thereafter during the term of the Bond commencing on August 16 and concluding on August 15 in the next succeeding year, an annual interest rate specified by the Trustee and calculated as provided under the Indenture, which rate generally shall be equal to the sum of (i) the interest rate on the Board Bonds during such period (which interest rate may not exceed fifteen percent (15%) per annum) plus (ii) a rate, not to exceed one and one-half percent (1.50%) per annum, sufficient to produce the amount necessary to pay the City's share of Program Expenses (as hereinafter defined). For purposes of this Section 2.01, "Program Expenses" shall mean the expenses of the Program, including (without limitation) the fees and expenses of the Trustee and such other fees and expenses of the Program or of the Board of Investments relating thereto as shall be approved by the Board of Investments. Under

the Indenture, the Trustee is to calculate and notify the City, within 20 days after each March 1, of the interest rate on the Bond for the period commencing on the preceding August 16 through August 15 of the following year.

2.02. Negotiability, Transfer and Registration. The Bond shall be fully registered as to both principal and interest, and shall be initially registered in the name of and payable to the Board of Investments. While so registered, principal of and interest on the Bond shall be payable to the U.S. Bank National Association (formerly known as U.S. Bank Trust National Association MT and before that as First Trust Company of Montana National Association), Corporate Trust Services, 60 Livingston Avenue, St. Paul, MN 55107 or such other place as may be designated by the Board of Investments in writing and delivered to the City. The Bond shall be negotiable, subject to the provisions for registration and transfer contained in this Section 2.02. No transfer of the Bond shall be valid unless and until (1) the holder, or duly authorized attorney or legal representative, has executed the form of assignment appearing on the Bond, and (2) the City Clerk/Treasurer of the City or any successor financial institution or trust company which this Council may appoint to so act as Bond Registrar (the "Registrar"), has duly noted the transfer on the Bond and recorded the transfer on the registration books of the Registrar. The Registrar may, prior to noting and recording the transfer, require appropriate proof of the transferor's authority and the genuineness of the transferor's signature. All costs of such registration and transfer shall be paid by the City, except that the City may charge the holder for any tax, fee or other governmental charge imposed upon or with respect to the transfer of the Bond. The City shall be entitled to deem and treat the person in whose name the Bond is registered as the absolute owner of the Bond for all purposes, notwithstanding any notice to the contrary, and all payments to the registered holder shall be valid and effectual to satisfy and discharge the City's liability upon such Bond to the extent of the sum or sums so paid.

2.03. Execution and Delivery. The Bond shall be executed on behalf of the City by the manual signatures of the Mayor and the City Clerk/Treasurer. Any or all of such signatures may be affixed at or prior to the date of delivery of the Bond. The Bond shall be sealed with the corporate seal of the City. In the event that any of the officers who shall have signed the Bond shall cease to be officers of the City before the Bond is issued or delivered, their signatures shall remain binding upon the City. Conversely, the Bond may be signed by an authorized official who did not hold such office on the date of adoption of this Resolution. The Bond shall be delivered to the Board of Investments, or its attorney or legal representative. The Bond shall be registered in the office of the City Clerk/Treasurer.

2.04. Prepayment; When Mandatory Redemption Required. The principal installments of the Bond are subject to mandatory redemption in order of registration on any interest payment date if, after paying all principal and interest then currently due on the Bond, there are monies available in or to the credit of the District Fund of the City, either from the prepayment of assessments levied in the District or from surplus proceeds of the Bond not required to pay costs of the Improvements, for the redemption thereof, and in the manner provided for the redemption of the same. The principal installments of the Bond are subject to redemption at the option of the City from other sources of funds available therefor on any interest payment date. The redemption price is equal to the amount of the principal installment or installments of the Bond to be redeemed plus interest accrued thereon to the date of redemption, without premium. The

date of redemption shall be fixed by the City Clerk/Treasurer, who shall give notice by first class mail, postage prepaid, to the owner or owners of the Bond at their address shown on the bond register, of the numbers of the principal installments to be redeemed and the date on which payment will be made, which date shall not be less than ten days after the date of mailing of notice, on which date so fixed interest shall cease. On the date so fixed interest on the principal installments of the Bond so redeemed shall cease to accrue.

2.05. Form. The Bond shall be drawn in substantially the form set forth in Exhibit A hereto, and by this reference made a part hereof, with such modifications as are permitted by the Act.

Section 3. District Fund; Maintenance Fund; Assessments.

3.01. District Fund. There is hereby created and established the District Fund designated as the "Special Improvement District No. 117 Fund," which shall be maintained by the City Clerk/Treasurer on the books and records of the City separate and apart from all other funds of the City. Within the District Fund there shall be maintained three separate accounts, designated as the "Construction Account," "Principal Account" and "Interest Account," respectively.

3.02. Construction Account. There shall be credited to the Construction Account certain proceeds of the sale of the Bond. Any earnings on investment of money in the Construction Account shall be retained therein. All costs and expenses of constructing the Improvements and cost of issuing the Bond to be paid from proceeds of the Bond shall be paid from time to time as incurred and allowed from the Construction Account in accordance with the provisions of applicable law, and any money in the Construction Account shall be used for no other purpose; provided that upon completion of the Improvements and after all claims and expenses with respect to the Improvements have been fully paid and satisfied, any money remaining in the Construction Account shall be transferred to the Principal Account and used to redeem the Bond.

3.03. Principal Account and Interest Account. Money in the Principal Account and the Interest Account shall be used only for payment of the principal of and interest on the Bond as such payments become due or to redeem prior installments of the Bond.

Upon collection of the installment of principal and interest due on November 30 and May 31 of each fiscal year on the special assessments to be levied with respect to the Improvements, the City Clerk/Treasurer shall credit to the Interest Account so much of said special assessments as is collected as interest and the balance thereof to the Principal Account. Any installment of any special assessment paid prior to its due date with interest accrued thereon to the next succeeding interest payment date shall be credited with respect to principal and interest payments in the same manner as other assessments are credited to the District Fund. All money in the Interest Account and the Principal Account shall be used first to pay interest due, and any remaining money shall be used to pay the Bond then due and, if money is available, to redeem the Bond or principal installments thereof in accordance with Section 2.04. Redemption of the Bond shall be in order of the principal installments, and interest shall be paid as accrued thereon to the date of redemption, in accordance with the provisions of Section 7-12-4206 of the Act.

3.04. Deposit; Loans from Revolving Fund. There shall be deposited into the Revolving Fund certain proceeds of the Bond. The Council shall annually or more often if necessary issue an order authorizing a loan or advance from the Revolving Fund of the City to the District Fund in an amount sufficient to make good any deficiency then existing in any Interest Account and shall issue an order authorizing a loan or advance from the Revolving Fund to the District Fund in an amount sufficient to make good any deficiency then existing in the Principal Account in such order and in each case to the extent that money is available in the Revolving Fund. A deficiency shall be deemed to exist in the Principal Account or the Interest Account if the money on deposit therein on any February 1 or August 1 (excluding amounts in the Principal Account representing prepaid special assessments) is less than the amount necessary to pay principal of the Bond due, and interest on the Bond payable, on the next succeeding interest payment date.

Pursuant to Ordinance No. 300, as amended, the City has undertaken and agreed to provide funds for the Revolving Fund by levying such tax or making such loan from the General Fund as authorized by Section 7-12-4222 of the Act. In the event that the balance on hand in the Revolving Fund fifteen days prior to any date when interest is due on special improvement district bonds or warrants of the City is not sufficient to make good all deficiencies then existing in the special improvement district funds for which the City has covenanted to make loans from the Revolving Fund, the balance on hand in the Revolving Fund shall be allocated to the funds of the special improvement districts in which such deficiencies then exist in proportion to the amounts of the deficiencies on the respective dates of receipt of such money, until all interest accrued on such special improvement district bonds or warrants of the City has been paid. On any date when all accrued interest on special improvement district bonds and warrants of the City payable from funds for which the City has covenanted to make loans from the Revolving Fund has been paid, any balance remaining in the Revolving Fund shall be lent or advanced to the special improvement district funds for payment and redemption of bonds to the extent the special improvement district funds are deficient for such purpose, and, if money in the Revolving Fund is insufficient therefor, pro rata, in an amount proportionate to the amount of such deficiency.

The City hereby determines, covenants and agrees to levy the property tax described in the first sentence of the immediately preceding paragraph to provide funds for the Revolving Fund so long as any bonds are outstanding to the extent required under the provisions of this Resolution and the Act, even though such property tax levy may, under applicable law, require that property tax levies of the City for other purposes be reduced correspondingly.

Section 4. Covenants and Representations. The City covenants and agrees with the owners from time to time of the Bond that until the Bond and interest thereon are fully paid:

4.01. Compliance with the Resolution. The City will hold the District Fund and the Revolving Fund as trust funds, separate and apart from all of its other funds, and the City, its officers and agents, will comply with all covenants and agreements contained in this resolution. The provisions hereinabove made with respect to the District Fund and the Revolving Fund are in accordance with the undertaking and agreement of the City made in connection with the sale of the Bond as set forth in Section 1.07.

4.02. Construction of Improvements. The City will take all steps necessary to enforce the provisions of the construction contracts and bonds relating to the Improvements and to ensure the completion of the Improvements for the benefit of the District in accordance with the plans and specifications and within the time therein provided, and will pay all costs thereof promptly as incurred and allowed, out of the District Fund. All awards of contracts will comply with the applicable bid and award statutes.

4.03. Levy of Assessments. The City will do all acts and things necessary for the final and valid levy of special assessments upon all assessable real property within the boundaries of the District in accordance with the Constitution and laws of the State of Montana and the Constitution of the United States in an aggregate principal amount not less than the original principal amount of the Bond. Such special assessments shall be levied in substantially equal semiannual installments of principal and interest within a year and shall be payable in semiannual installments during the term of the Bond. Each special assessment shall bear interest on the whole amount remaining unpaid at an annual rate equal to the sum, determined as of the date an installment of the special assessment is levied each fiscal year, of: (i) the then current Loan Rate, plus (ii) one percent (1.00%) per annum, plus (iii) if and to the extent that the Loan Rate is then less than fifteen percent (15.00%) per annum (the maximum interest rate on the Bond), an additional one percent (1.00%) per annum, interest being payable with principal installments. The assessments to be levied will be payable on the 30th day of November in each of the years 2015 through 2029, and on the 31st day of May in each of the years 2016 through 2030, inclusive, and if not theretofore paid, shall become delinquent on such date unless paid in full. The first partial payment of each assessment shall include interest on the entire assessment from the date of original registration of the Bond to February 15, 2016 and each subsequent partial payment shall include interest for six months on that payment and the then remaining balance of the special assessment. The assessments shall constitute a lien upon and against the property against which they are made and levied, which lien may be extinguished only by payment of the assessment with all penalties, cost and interest as provided in Section 7-12-4191 of the Act. No tax deed issued with respect to any lot or parcel of land shall operate as payment of any installment of the assessment thereon which is payable after the execution of such deed, and any tax deed so issued shall convey title subject only to the lien of said future installments, as provided in Montana Code Annotated, Section 15-18-214.

4.04. Reassessment. If at any time and for whatever reason any special assessment or tax herein agreed to be levied is held invalid, the City and this Council, its officers and employees, will take all steps necessary to correct the same and to reassess and re-levy the same, including the ordering of work, with the same force and effect as if made at the time provided by law, ordinance or resolution relating thereto, and will reassess and re-levy the same with the same force and effect as an original levy thereof, as authorized in Section 7-12-4186 of the Act. Any special assessment, upon reassessment or re-levy shall, so far as is practicable, be levied and collected as it would have been if the first levy had been enforced including the levy and collection of any interest accrued on the first levy.

If proceeds of the Bond, including investment income thereon, are applied to the redemption of such Bond, as provided in Sections 7-12-4205 and 7-12-4206 of the Act, or if refunding bonds are issued and the principal amount of the outstanding Bond of the District is

decreased or increased, the City will reduce or increase, respectively, the assessments levied in the District and then outstanding pro rata by the principal amount of such prepayment or the increment above or below the outstanding principal amount of bonds represented by the refunding bonds. The City and this Council, its officers and employees will reassess and re-levy such assessments, with the same effect as an original levy, in such reduced or increased amounts in accordance with the provisions of Sections 7-12-4176 through 7-12-4178 of the Act.

4.05. Absence of Litigation. There is now no litigation pending or, to the best knowledge of the City, threatened questioning the validity or regularity of the creation of the District, or the undertaking and agreement of the City to levy special assessments therefor and to make good any deficiency in the collection thereof through the levy of taxes for and the making of advances from the Revolving Fund, or the right and power of the City to issue the Bond or in any manner questioning the existence of any condition precedent to the exercise of the City's powers in these matters. If any such litigation should be initiated or threatened, the City will forthwith notify in writing the Board of Investments, and will furnish the Board of Investments a copy of all documents, including pleadings, in connection with such litigation.

4.06. Waiver of Penalty and Interest. The City covenants not to waive the payment of penalty or interest on delinquent assessments levied on property in the District for costs of the Improvements, unless the City determines, by resolution of the City Council, that such waiver is in the best interest of the owners of the outstanding Bond.

Section 5. Mandatory Contribution to Revolving Fund. As provided in Section 7-12-4222 of the Act, the City must provide an amount equal to at least 5% of the principal amount of any bonds or warrants to be issued if the bonds or warrants are secured by the Revolving Fund. The City will deposit \$8,450.00 from the proceeds of the Bond into the Revolving Fund.

Section 6. Tax Matters.

6.01. Use of Improvements. The Improvements will be owned and operated by the City and available for use by members of the general public on a substantially equal basis. The City shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the Improvements or security for the payment of the Bond which might cause the Bond to be considered "private activity bonds" or "private loan bonds" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code").

6.02. General Covenant. The City covenants and agrees with the owners from time to time of the Bond 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 Bond 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 Bond will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

6.03. Arbitrage Certification. The Mayor and the City Clerk/Treasurer, being the officers of the City charged with the responsibility for issuing the Bond pursuant to this resolution, are authorized and directed to execute and deliver to the 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 Bond, it is reasonably expected that the proceeds of the Bond will be used in a manner that would not cause the Bond to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations.

6.04. Arbitrage Rebate Exemption.

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

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

(2) The aggregate face amount of all "tax-exempt bonds" (including warrants, contracts, leases and other indebtedness, but excluding private activity bonds and current refunding bonds) issued by or on behalf of the City and all subordinate entities thereof during 2015 is not reasonably expected to exceed \$5,000,000. To date in 2015, the City has issued no such tax-exempt bonds; and in the calendar years 2010 through 2014, the City issued no such tax-exempt bonds, except its \$181,500 Pooled Special Improvement District Bonds (Special Improvement District Nos. 115 and 116), Series 2013; its \$3,784,720 Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2013B; \$2,580,000 Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2013C; its \$3,968,000 First Amended and Restated Water System Revenue Bonds (DNRC Drinking Water State Revolving Loan Program) and \$1,724,000 First Amended and Restated Sewer System Revenue Bonds (DNRC Water Pollution Control State Revolving Loan Program), each in 2012; \$336,000 Special Improvement District No. 113 Bonds, Series 2011; \$8,808 Special Improvement District No. 112 Bond, Series 2011; and its \$1,888,000 Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2010C.

(b) If notwithstanding the provisions of paragraph (a) of this Section 6.04, the arbitrage rebate provisions of Section 148(f) of the Code apply to the Bond, the City hereby covenants and agrees to make the determinations, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 148(f).

6.05. Information Reporting. The City shall file with the Secretary of the Treasury, not later than November 15, 2015 or such later date as prescribed by the Code, a statement concerning the Bond containing the information required by Section 149(e) of the Code.

6.06. "Qualified Tax-Exempt Obligations." Pursuant to Section 265(b)(3)(B)(ii) of the Code, the City hereby designates the Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code. The City has not designated any obligations in 2015 other than the Bond under Section 265(b)(3). 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 2015 in an amount greater than \$10,000,000.

Section 7. Authentication of Transcript. The officers of the City are hereby authorized and directed to furnish to the Board of Investments and to bond counsel certified copies of all proceedings relating to the issuance of the Bond and such other certificates and affidavits as may be required to show the right, power and authority of the City to issue the Bond, and all statements contained in and shown by such instruments, including any heretofore furnished, shall constitute representations of the City as to the truth of the statements purported to be shown thereby.

Section 8. Discharge. When the liability of the City on the Bond has been discharged, all pledges, covenants and other rights granted by this resolution to the owners of the Bond shall cease.

Section 9. Repeals and Effective Date.

9.01. 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.

9.02. Effective Date. This resolution shall take effect immediately upon its passage and adoption by this Council.

PASSED AND ADOPTED by the City Council of City of Laurel, Montana, this 2nd day of June, 2015.

CITY OF LAUREL, MONTANA

By *Dan Pahl*
Mayor for Mayor Mace

Attest:

Shirley Ewan
City Clerk/Treasurer

(SEAL)



UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF YELLOWSTONE

CITY OF LAUREL

SPECIAL IMPROVEMENT
DISTRICT NO. 117 BOND

Interest on amounts advanced from the date of advance at the rate per annum specified below
payable February 15 and August 15
through the final stated maturity or upon redemption thereof

No. R-1

\$169,000

FOR VALUE RECEIVED, THE CITY OF LAUREL, MONTANA (the "City"), a municipal corporation and political subdivision of the State of Montana, acknowledges itself to be indebted and hereby promises to pay to the BOARD OF INVESTMENTS OF THE STATE OF MONTANA (the "Board of Investments") or registered assigns (the "Holders"), solely from the source and in the manner hereinafter provided, the principal amount of ONE HUNDRED SIXTY NINE THOUSAND DOLLARS (\$169,000), or so much thereof as is advanced, and to pay interest thereon, on the principal amounts advanced hereunder from the respective dates of such advances, at an interest rate per annum equal to the Loan Rate (as hereinafter defined), all subject to the provisions of this Bond permitting the redemption hereof prior to maturity. Outstanding principal and interest thereon shall be payable in equal installments of principal with interest thereon on each February 15 and August 15, commencing February 15, 2016 through August 15, 2030 (the final stated maturity), to the Holder of this Bond appearing in the registration books of the City as of the date of such payment. Interest hereon shall be computed on the basis of the actual number of days in the years and the actual number of days that this Bond is outstanding at the Loan Rate (as hereinafter defined). The installments of principal and interest are payable at the office of the U.S. Bank National Association, Seattle, Washington, or such other place as the Board of Investments shall designate in writing, except that in the event that the Board of Investments has assigned this Bond, the installments of principal and interest are payable to the Holder at his address as it appears on the Bond Register of the City. Principal and interest are payable in any coin or currency of the United States of America which on the respective dates of payment is legal tender for public and private debts.

Upon each disbursement of proceeds of the Bond, the Board of Investments shall enter the amount advanced on Schedule A attached thereto under "Advances" and the total amount advanced under the Resolution, including such disbursement, under "Total Amount Advanced."

For purposes of this Bond, "Loan Rate" shall mean, for the period from the date of original registration of the Bond until February 15, 2016, the rate of 1.25% per annum, and, for

each twelve-month or shorter period thereafter during the term of this Bond commencing on August 16 and concluding on August 15 in the next succeeding year an annual interest rate specified by the Trustee and calculated as provided under the Indenture (each as defined in the Resolution), which rate generally shall be equal to the sum of (i) the interest rate on the Board Bond (as defined in the Resolution) during such period which interest rate may not exceed fifteen percent (15%) per annum plus (ii) a rate, not to exceed one and one-half percent (1.50%) per annum, sufficient to produce the amount necessary to pay the City's share of Program Expenses (as defined in the Resolution). The principal of and interest on this Bond are payable in lawful money of the United States of America.

This Bond comprises an issue in the aggregate principal amount of \$169,000 and is issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, to finance the costs of certain local improvements (the "Improvements") for the special benefit of property located in Special Improvement District No. 117 of the City (the "District") and to pay incidental costs. Reference is made to the Resolution for a more complete statement of the terms and conditions upon which this Bond has been issued. The Bond is issuable only as a single, fully registered bond.

This Bond is payable from the collection of a special tax or assessment levied upon all assessable real property within the boundaries of the District, in an aggregate principal amount of not less than \$169,000, except as such amount may be reduced or increased in accordance with provisions hereof or of Montana law. Such assessments constitute a lien against the assessable real estate within the District, and this Bond is not a general obligation of the City.

The City has also validly established a Special Improvement District Revolving Fund (the "Revolving Fund") to secure the payment of certain of its Special Improvement District bonds, including the Bond. The City has also agreed, to the extent permitted by the Act, to issue orders annually authorizing loans or advances from the Revolving Fund to the District Fund, in amounts sufficient to make good any deficiency in the District Fund to pay principal of or interest on the Bond, to the extent that funds are available in the Revolving Fund, and to provide funds for the Revolving Fund by annually making a tax levy or loan from its general fund in an amount sufficient for that purpose, subject to the limitation that no such tax levy or loan may in any year cause the balance in the Revolving Fund to exceed ten percent of the principal amount of the City's then outstanding Special Improvement District bonds secured thereby and the durational limitations specified in the Act. While any property tax levy to be made by the City to provide funds for the Revolving Fund is subject to levy limits under current law, the City has agreed in the Resolution to levy property taxes to provide funds for the Revolving Fund to the extent described in this paragraph and, if necessary, to reduce other property tax levies correspondingly to meet applicable levy limits.

The principal installments of this Bond are subject to mandatory redemption in order of registration on any interest payment date if, after paying all principal and interest then currently due on this Bond, there are monies available in or to the credit of the Special Improvement District No. 117 Fund of the City, either from the prepayment of assessments levied in the

District or from surplus proceeds of the Bond not required to pay costs of the Improvements, for the redemption thereof, and in the manner provided for the redemption of the same. The principal installments of this Bond are subject to redemption at the option of the City from other sources of funds available therefor on any interest payment date. The redemption price is equal to the amount of the principal installment or installments of the Bond to be redeemed plus interest accrued thereon to the date of redemption, without premium. The date of redemption shall be fixed by the City Clerk/Treasurer, who shall give notice by first class mail, postage prepaid, to the owner or owners of this Bond at their addresses shown on the bond register, of the numbers of the principal installments to be redeemed and the date on which payment will be made, which date shall not be less than ten days after the date of mailing of notice, on which date so fixed interest on the principal amount redeemed shall cease. On the date so fixed interest on the principal installments of this Bond so redeemed shall cease to accrue.

This Bond has been designated by the City as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all things required to be done precedent to the issuance of this Bond have been properly done, happened and been performed in the manner prescribed by the laws of the State of Montana and the resolutions and ordinances of City of Laurel, Montana, relating to the issuance thereof.

IN WITNESS WHEREOF, the City of Laurel, Montana, by its City Council, has caused this Bond to be executed by the signatures of the Mayor and the City Clerk/Treasurer, and sealed by the official seal of the City.

Mayor

City Clerk/Treasurer

(SEAL)

Dated:

CERTIFICATE OF REGISTRATION

This Bond and the principal installments hereof have been registered as required by law on the books of the City as of the ____ day of _____, 2015.

City Clerk/Treasurer

REGISTRATION AND TRANSFER

This Bond shall be fully registered as to both principal and interest. No transfer of this Bond shall be valid unless and until (1) the registered holder of the Bond, or his duly authorized attorney or legal representative, executes the form of assignment appearing on this Bond, and (2) the City Clerk/Treasurer, or any successor appointed by the City, as bond registrar (the "Registrar"), has duly noted the transfer on the Bond and recorded the transfer on the Registrar's registration books. The City shall be entitled to deem and treat the person in whose name this Bond is registered as absolute owner thereof for all purposes, notwithstanding any notice to the contrary. Payments on account of the Bond shall be made only to the order of the registered holder thereof, and all such payments shall be valid and effectual to satisfy and discharge the City's liability upon the Bond to the extent of the sum or sums so paid.

THE FOLLOWING ENTRIES ARE TO BE MADE ONLY BY THE BOND REGISTRAR UPON REGISTRATION OF EACH TRANSFER

The City Clerk/Treasurer of City of Laurel, Montana, or any successor appointed by the City, acting as Bond Registrar, has transferred, on the books of the City, on the date last noted below, ownership of the principal amount of and the accrued interest on this Bond to the new registered holder noted next to such date, except for amounts of principal and interest theretofore paid.

<u>Date of Registration</u>	<u>Name and Address of Registered Holder</u>	<u>City Clerk/Treasurer</u>
	Board of Investments 2401 Colonial Dr. P.O. Box 200126 Helena, MT 59620-0126	

FORM OF ASSIGNMENT

For value received, this Bond is hereby transferred and assigned by the undersigned holder, without recourse, to _____ on this ____ day of _____, _____.

By: _____
(authorized signature)

For: _____
(Holder)

