

RESOLUTION NO. 2017-04

GALLATIN GATEWAY COUNTY WATER AND SEWER DISTRICT
GALLATIN COUNTY, STATE OF MONTANA
WASTEWATER SYSTEM BOND ANTICIPATION NOTE,
SERIES 2017 - \$1,650,000 PRINCIPAL AMOUNT

WHEREAS, the Board of Directors (the "Board") of the Gallatin Gateway County Water and Sewer District, Gallatin County, Montana, (the "District") has (1) authorized the sale of its \$863,000 Wastewater System Revenue Bond (the "Series 2017 Revenue Bond") by a successful election held on January 31, 2012 and the passage and adoption of its Resolution No. 2016-02 and (2) has authorized the sale of its \$787,000 Wastewater System Special Assessment Bond (the "Series 2017 Special Assessment Bond") by passage of its Resolution Nos. 12-04 and 12-05 and by passage of its Resolution No. 2016-02 (Resolution No. 2016-02 is referred to herein as the "Bond Resolution") to design, acquire and construct a new wastewater collection, transport and discharge system for the District (the "Project") pay for financing costs of the Project and take all other steps, meet all other conditions, enter into all other contracts necessary and customary for the completion of Project; and

WHEREAS, the District has received a commitment from the U.S.D.A. Rural Development/Rural Utilities Services to purchase the Series 2017 Revenue Bond and the Series 2017 Special Assessment Bond from the District upon certain conditions, including the District obtaining construction financing for the Project; and

WHEREAS, the proceeds of the Series 2017 Revenue Bond and Series 2017 Special Assessment Bond are available only upon completion of a portion of construction of the Project and therefore, it is necessary and desirable that the District obtain interim financing for the Project and the Montana Board of Investments through its INTERCAP Program has indicated its willingness to provide such interim financing upon certain conditions.

NOW, THEREFORE, IT IS RESOLVED BY THE BOARD OF THE GALLATIN GATEWAY COUNTY WATER AND SEWER DISTRICT, GALLATIN COUNTY, STATE OF MONTANA, AS FOLLOWS:

Section 1. Sale and Authorization of Series 2017 Bond Anticipation Note. In anticipation of the receipt of the proceeds of the Series 2017 Revenue Bond and the Series 2017 Special Assessment Bond, and in order to provide funds during the construction of the Project to pay a portion of the costs thereof, the District authorizes the issuance and sale of a bond anticipation note under and pursuant to Montana Code Annotated, Section 7-7-109. The District has received an offer from the Montana Board of Investments through its INTERCAP Program (the "Original Purchaser") to purchase the note at a price of \$1,650,000 (the "Series 2017 Note") upon the further terms and conditions herein set forth. The terms and conditions of the offer are reasonable and advantageous to the District and are hereby accepted. The District, by adopting this Resolution, authorizes and shall proceed to issue and deliver the Series 2017 Note in the form and upon the terms and conditions provided herein.

Section 2. Representations as to the Bond Resolution. The District, by passage of the Bond Resolution, has taken all steps to authorize and construct the Project except for the explicit authorization to obtain interim financing which is the purpose of this Resolution. By adopting this Resolution, the District acknowledges and covenants that all terms, conditions, and representations contained in the Bond Resolution are in effect, remain binding and are expected to be fulfilled by the District. Terms not otherwise defined herein have the same meaning provided in Bond Resolution.

All acts, conditions and things required by the Constitution and laws of the State of Montana to be done, to exist, to happen and to be performed prior to the issuance of the Series 2017 Note have been done, do exist, have happened, and been performed in due time, form and manner.

Section 3. Establishment of Note Account. By the Bond Resolution, the District established a Wastewater System Fund. By this Resolution, the District hereby creates a Note Account within its Wastewater System Fund (the "Note Account"). The proceeds of the Series 2017 Revenue Bond and the Series 2017 Special Assessment Bond to be issued shall be credited to the Note Account for the redemption of the Series 2017 Note. In the event, for any reason, the Series 2017 Revenue Bond and the Series 2017 Special Assessment Bond are not issued, the Series 2017 Note shall be entitled to the benefits of Section 7-7-109(4) MCA, and shall be paid from any other wastewater funds of the District that are legally available and appropriate for that purpose or from bonds issued for that purpose.

Section 4. The Series 2017 Note.

4.01. General Terms. The District shall forthwith issue the Series 2017 Note in a principal amount not to exceed \$1,650,000. The Series 2017 Note shall be dated as of the date of its delivery. Upon each disbursement of the Series 2017 Note proceeds, the Board of Investments shall enter the amount advanced on the amortization schedule attached thereto and the total amount advanced under this Resolution. The Series 2017 Note shall be lettered and numbered R-1 and shall mature, subject to redemption as herein provided, on September 1, 2018 (the "Stated Maturity"), and shall bear interest on the principal amount thereof disbursed at the rate per annum equal to the Variable 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 year and the actual number of days outstanding. Principal and interest shall be payable on its Stated Maturity or upon earlier redemption of the Series 2017 Note.

Principal of the Series 2017 Note from time to time outstanding shall bear interest from the date of the first disbursement thereunder, as provided in Section 3.01 of this Resolution, until paid at the Variable Rate, as such may be adjusted from time to time as hereinafter provided. Until the initial Adjustment Date (as hereafter defined), the Variable Rate shall be two and one-half percent (2.50%) per annum. Thereafter, for the Adjustment Period (as hereafter defined), the Variable Rate shall be the rate per annum equal to the interest rate then borne by the Board of Investment=s Annual Adjustable Rate Tender Option, Municipal Finance Consolidation Act Bonds (INTERCAP Program), plus up to one and one-half percent (1.5%) per annum, as certified by the Board of Investments as of the Adjustment Date, but in no event to exceed fifteen percent (15.00%) per annum. If for any reason the interest rate cannot be established as so provided or is held invalid or unenforceable by a court of law, the interest rate for the Series 2017 Note for the Adjustment Period

shall be a rate equal to the largest integral multiple of five hundredths of one percent (.05%) that is equal to or less than eighty percent (80%) of the average yield, evaluated at par, of the United States Treasury obligations with a stated or remaining maturity of one year, as reported in *The Wall Street Journal* (Des Moines Edition) (or, if such paper is no longer published or fails to report such information, in any other financial periodical selected by the State Treasurer and reasonably acceptable to the holders of the Series 2017 Note) on the Adjustment Date or, if the Adjustment Date is not a Business Day, the next preceding Business Day, but in no event to exceed fifteen percent (15.00%) per annum. As used herein, "Adjustment Date" means February 16th and "Adjustment Period" means the period beginning on an Adjustment Date and ending on the day before the next succeeding Adjustment Date of the final Stated Maturity of the Series 2017 Note, whichever is earlier; provided that if the Series 2017 Note is not paid at its final Stated Maturity, the final Adjustment Period with respect to the Series 2017 Note shall extend until it is paid or provision has been duly made for its payment.

4.02. Registration. The Series 2017 Note shall be fully registered as to both principal and interest and shall initially be registered in the name of and payable to the Original Purchaser thereof. The District Clerk shall act as Note Registrar and as such shall establish and maintain a Note Register for the purpose of recording the names and addresses of the registered owners of the Series 2017 Note and the date of registration of any transfer.

4.03. Redemption. The Series 2017 Note shall be subject to redemption in whole, or in part (by the closing on the Series 2017 Special Assessment Bond), on any date (or dates if it is redeemed in part), at the principal amount thereof advanced to such date plus accrued interest. Not less than 15 days before the date specified for redemption thereof, the District Clerk shall mail notice of the redemption to the registered owner thereof at the address as it appears on the registration books of the Note Registrar.

4.04. Form of Series 2017 Note. The Series 2017 Note shall be prepared in substantially the form attached as Exhibit A to this Resolution, which is hereby incorporated herein and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution.

4.05. Assignment. The Series 2017 Note shall be transferable by the registered owner or attorney duly authorized in writing upon presentation thereof to the District Clerk together with a written instrument of transfer satisfactory to the District Clerk duly executed by the registered owner or the owner's attorney. Such transfer shall be noted on the Series 2017 Note. Upon request of the registered owner or transferee, the District shall execute and deliver another Series 2017 Note of a principal amount equal to the outstanding principal amount of the Series 2017 Note and maturing at the same time as the Series 2017 Note so transferred, and the Series 2017 Note so surrendered for transfer shall be promptly canceled by the District Clerk. No service charge shall be made for such transfer, but the District may require payment of a sum sufficient to cover any tax, fee or governmental charge or other expense incurred by the District with respect to such transfer. Until and unless otherwise provided by resolution of this Board, the following shall be a sufficient written instrument of transfer within the meaning of this Section 4.05:

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto: _____ the Bond Anticipation Note, Series 2017, No. R-1 of Gallatin Gateway County Water and Sewer District, Gallatin County, State of Montana, and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Registered Owner

4.06. Preparation, Execution and Delivery of Series 2017 Note. The Series 2017 Note shall be issued and delivered to the Original Purchaser upon payment of the purchase price thereof. The Series 2017 Note shall be prepared under the direction of the District Clerk and when so prepared shall be executed on behalf of the District by the President and the District Clerk. When the Series 2017 Note has been so executed, it shall be delivered by the District Clerk to the Original Purchaser thereof upon receipt of the purchase price heretofore agreed upon, and the Original Purchaser shall not be required to see to the application thereof.

Section 5. Effective Date; Repeals. This Resolution shall become effective upon passage and all provisions of ordinances, resolutions and other actions and proceedings of the District which are in any way inconsistent with the terms and provisions of this Resolution are repealed, amended and rescinded to the full extent necessary to give full force and effect to the provisions of this Resolution.

Passed and adopted this 6th day of March, 2017.



President

Attest:


Clerk

(SEAL)

Board Member David Sullivan introduced the Resolution, Board Member Eric Amend seconded it and the Resolution passed with the following Board Members voting:

<u>For</u>	<u>Against</u>	<u>Abstain/Absent</u>
<u>David Sullivan</u> _____	<u>None</u> _____	<u>None</u> _____
<u>Eric Amend</u> _____	_____	_____
<u>Ted Border</u> _____	_____	_____
<u>Ashley Kroon</u> _____	_____	_____

EXHIBIT A

UNITED STATES OF AMERICA
STATE OF MONTANA
Gallatin Gateway County Water and Sewer District
Gallatin County

BOND ANTICIPATION NOTE
SERIES 2017

No. R-1 Amount: \$1,650,000

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
Variable	September 1, 2018	March __, 2017	None

REGISTERED OWNER: BOARD OF INVESTMENTS OF THE STATE OF MONTANA

PRINCIPAL AMOUNT: ONE MILLION SIX HUNDRED FIFTY THOUSAND AND NO/100
DOLLARS

FOR VALUE RECEIVED, GALLATIN GATEWAY COUNTY WATER AND SEWER DISTRICT (the "District"), a political subdivision duly organized and validly existing under the laws of the State of Montana, acknowledges itself to be indebted and hereby promises to pay to the registered owner named above, or registered assigns, out of the Note Account (the "Note Account") in its Wastewater System Fund (the "Fund"), up to the principal amount specified above, on or before the maturity date specified above, with interest thereon from the date of original issue specified above, at the annual rate specified above, until paid or discharged, all subject to the provisions hereof relating to the redemption of this Note before maturity. Interest hereon is payable at maturity or upon earlier redemption hereof. The interest hereon and the principal hereof are payable in lawful money of the United States of America to the registered owner of this Note as it appears in the Note Register of the District.

The Series 2017 Note is issued in the aggregate principal amount of \$1,650,000 pursuant to District Resolution No. _____, and is dated as of March __, 2017 (the "Series 2017 Note"). Upon each disbursement of the Series 2017 Note proceeds, the Board of Investments shall enter the amount advanced on the amortization schedule attached thereto and the total amount advanced under District Resolution No. _____. The Series 2017 Note shall be lettered and numbered R-1 and shall mature, subject to redemption as herein provided, September 1, 2018 (the "Stated Maturity"), and shall bear interest on the principal amount advanced from time-to-time at the rate per annum equal to the Variable 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 year

and the actual number of days outstanding. Principal and interest shall be payable on its Stated Maturity or upon earlier redemption of the Series 2017 Note.

This Note is one in number and comprises all of a duly authorized issue of Notes of the District issued pursuant to District Resolution No. _____, duly adopted March ____, 2017 (the "Note Resolution"), and in anticipation of the issuance by the District of its \$863,000 Wastewater System Revenue Bond, Series 2017 (the "Series 2017 Revenue Bond") and its \$787,000 Wastewater Special Assessment Bond, Series 2017 (the "Series 2017 Special Assessment Bond"), evidencing two loans (the "Loans") from the United States of America through its Rural Utilities Services, authorized by a successful election held on January 31, 2012 and the Resolution No. 12-04 and 12-05 and the passage and adoption of its Resolution No. 2016-02 for the Series 2017 Revenue Bond and the passage of its Resolution No. 2016-02 for the Series 2017 Special Assessment Bond (Resolution No. 2016-02 is referred to herein as the "Bond Resolution"), to which Bond Resolution, copies of which are on file with the District, reference is hereby made for a description of the nature and extent of the security for the Series 2017 Note, the conditions under which additional bonds may be issued on a parity as to payment with the Series 2017 Note or otherwise, the conditions under which the Note Resolution may be amended and the rights of the holders of the Series 2017 Note. The Series 2017 Note is issued by the District for the purpose of providing interim financing for improvements to the District's Wastewater System (the "System") comprising of the design, acquisition, construction and financing of a new wastewater collection, transport and discharge system (the "Project").

This Series 2017 Note is issued pursuant to and in full compliance with the Constitution and laws of the State of Montana, particularly Montana Code Annotated, Section 7-7-109, and Title 7, Chapter 13, Parts 22 and 23, as amended (the "Act"), and pursuant to the Note Resolution. The Series 2017 Note is payable from the Note Account in the Wastewater System Fund (the "Note Account"), including the proceeds of the Series 2017 Revenue Bond and the Series 2017 Special Assessment Bond, which the District has covenanted to issue and sell prior to the maturity of this Note in an amount sufficient, with other funds on hand, to pay the principal hereof and interest hereon.

Principal of this Series 2017 Note from time to time outstanding shall bear interest from the date of the first disbursement thereunder, as provided in Section 3.01 of the Note Resolution, until paid at the Variable Rate, as such may be adjusted from time to time as hereinafter provided. Until the initial Adjustment Date (as hereafter defined), the Variable Rate shall be two and one-half percent (2.50%) per annum. Thereafter, for the Adjustment Period (as hereafter defined), the Variable Rate shall be the rate per annum equal to the interest rate then borne by the Board of Investments Annual Adjustable Rate Tender Option, Municipal Finance Consolidation Act Bonds (INTERCAP Program), plus up to one and one-half percent (1.5%) per annum, as certified by the Board of Investments as of the Adjustment Date, but in no event to exceed fifteen percent (15.00%) per annum. If for any reason the interest rate cannot be established as so provided or is held invalid or unenforceable by a court of law, the interest rate for the Series 2017 Note for the Adjustment Period shall be a rate equal to the largest integral multiple of five hundredths of one percent (.05%) that is equal to or less than eighty percent (80%) of the average yield, evaluated at par, of the United States Treasury obligations with a stated or remaining maturity of one year, as reported in *The Wall Street Journal* (Des Moines Edition) (or, if such paper is no longer published or fails to report such

information, in any other financial periodical selected by the State Treasurer and reasonably acceptable to the holders of the Series 2017 Note) on the Adjustment Date or, if the Adjustment Date is not a Business Day, the next preceding Business Day, but in no event to exceed fifteen percent (15.00%) per annum. As used herein, "Adjustment Date" means February 16 and "Adjustment Period" means the period beginning on an Adjustment Date and ending on the day before the next succeeding Adjustment Date of the final Stated Maturity of the Series 2017 Note, whichever is earlier; provided that if the Series 2017 Note is not paid at its final Stated Maturity, the final Adjustment Period with respect to the Series 2017 Note shall extend until it is paid or provision has been duly made for its payment.

The District may redeem on any date, in whole or in part, any unpaid principal of this Note at a price equal to the principal amount advanced to such date plus interest accrued to such date. Notice of any such prepayment will be mailed by the District not less than 15 days prior to the date specified for payment, to the registered holder of this Note.

As provided in the Resolution and subject to certain limitations set forth therein, this Note is transferable upon the books of the District at the office of the Clerk, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Clerk, duly executed by the registered owner or the owner's attorney. Upon such transfer, the District will cause a new Note to be issued in the name of the transferee 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.

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

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions, and things required by the Constitution and laws of the State of Montana to be done, to exist, to happen and to be performed precedent to and in the issuance of this Note in order make it a valid and binding special obligation of the District according to its terms, have been done, do exist, have happened and have been performed in regular and due time, form, and manner as so require; that the District, in and by the Note Resolution, has validly made and entered into covenants and agreements with and for the benefit of the Holders from time to time of the Series 2017 Note; that the District has appropriated to the Note Account the proceeds of the Series 2017 Revenue Bond and Series 2017 Special Assessment Bond to the extent required to pay principal hereof or interest hereon; that by the Note Resolution, the District has covenanted at or prior to the maturity of this Note, to sell and issue its Series 2017 Revenue Bond and Series 2017 Special Assessment Bond or otherwise pursuant to the Act and the Bond Resolution in a principal amount so as to provide funds sufficient, together with any money on deposit in the Note Account and available therefore, to pay in full the principal of and interest on this Note as set forth in the Bond Resolution punctually and faithfully; and that the issuance of this Note does not cause the general indebtedness of the District to exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the Gallatin Gateway County Water and Sewer District, acting

by and through its District Board, has caused this Series 2017 Note to be executed on its behalf by the signature of the President and countersigned by the Clerk, and has caused this Note to be dated as of March ___, 2017.

ATTEST:

President

Clerk

PROVISIONS FOR REGISTRATION OF TRANSFER

The ownership of this Note and of the interest payable hereon may be transferred to a bona fide purchaser only by delivery with an assignment duly executed by the registered owner or the owner's attorney or legal representative, and the District may treat the registered owner or the owner's attorney or legal representative, as the person exclusively entitled to receive payments of principal of and interest on this Note and to exercise all the rights and powers of an owner until this Note is presented to the Clerk of the Gallatin Gateway County Water and Sewer District, accompanied by said assignment and by assurance of the nature provided by law that the same is genuine and effective, and until such transfer is registered on the books of the District and noted hereon by the Clerk.

NO WRITING HEREON EXCEPT BY CLERK
AS NOTE REGISTRAR

The Clerk has transferred on the books of the Gallatin Gateway County Water and Sewer District, Montana, on the date last noted below, to the registered assign noted opposite said date, ownership of the principal amount of and interest on this Note, except the amounts of principal and interest theretofore paid:

<u>Date of Transfer</u>	<u>Registered Assign</u>	<u>Signature of Clerk</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____