

RESOLUTION NO. 18-03

RESOLUTION AMENDING RESOLUTION NO. 2017-04 AUTHORIZING AN EXTENSION OF THE MATURITY OF THE SERIES 2017 WASTEWATER SYSTEM BOND ANTICIPATION NOTE FROM SEPTEMBER 1, 2018 TO SEPTEMBER 1, 2019; AND REFLECTING A PAYDOWN OF \$787,000 IN PRINCIPAL AND \$5,589.36 IN INTEREST ON OCTOBER 10, 2017, AND AMENDING SECTIONS 1 AND 4.01 OF RESOLUTION NO. 2017-04 AND AUTHORIZING THE EXCHANGE OF THE REVISED SERIES 2017 NOTE FOR THE SERIES 2017 NOTE

BE IT RESOLVED by the Board of Directors (the "Board") of the Gallatin Gateway County Water and Sewer District, Gallatin County, Montana (the "District"), as follows:

Section 1. Recitals.

1.01. Background. The District received a commitment from the U.S.D.A. Rural Development/Rural Utilities Services ("RD") in the amount of \$1,650,000 (with \$863,000 to be paid off from the District's Wastewater Revenue Bond and \$787,000 from the District's Wastewater Special Assessment Bond) to provide a portion of funds for design, acquisition, construction and financing of the Project defined in Resolution No. 2016-02.

1.02. Authorization of the Series 2017 Bond Anticipation Note. The District, pursuant to Resolution No. 2017-04 adopted on March 6, 2017, issued its Series 2017 Bond Anticipation Note (the "Series 2017 Note") to the Board of Investments of the State of Montana ("MBOI") to pay for a portion of the Project. The Series 2017 Note was issued and delivered to MBOI on March 31, 2017. The District then obtained funds from MBOI for the Project.

1.03. Reason for Amendment. Although the District anticipated in March 2017 that construction of the Project would be completed by September 1, 2018, the District has not yet been able to complete the Project. The District has therefore requested MBOI to extend the maturity date of the Series 2017 Note from September 1, 2018 to September 1, 2019. MBOI has consented to such extension.

1.04. Paydown of Principal and Interest. The District, on October 2, 2017, by passage of Resolution No. 2017-06, authorized the amendment of Resolution 2016-02, to allow the prepayment of \$118,300 from CDBG funds (totaling the \$787,000 principal of the Special Assessment Bond) to reduce the Special Assessment Bond principal to \$668,700. The \$118,300 and the \$668,700 were paid down on the Series 2017 Note, plus interest of \$5,589.36 on October 10, 2017.

1.05. Remaining Principal Balance. The remaining principal balance on the Revised Series 2017 Note is \$863,000. Interest of the principal amount outstanding since October 10, 2017 accrues as described in Resolution No. 2017-04.

Section 2. Amendment of Resolution No. 2017-04.

2.01. Amendment of Section 1 of Resolution No. 2017-04. Section 1 of Resolution No. 2017-04, in the second sentence defined the Bond Anticipation Note as the "Series 2017 Note" and, due to the fact that the Bond Anticipation Note is now being revised with a new maturity date, wherever the term "Series 2017 Note" is used in Resolution No. 2017-04, it shall be replaced by reference to the "Revised Series 2017 Note", which includes the revised maturity date of September 1, 2019.


2.02. Amendment of Section 4.01 of Resolution No. 2017-04. Section 4.01 of Resolution No. 2017-04, in the fourth sentence defined the term "Stated Maturity" as "September 1, 2018"; and due to the above-recitals, the term "Stated Maturity" for the Revised Series 2017 Note is hereby amended to mean "September 1, 2019."

Section 3. Issuance of Revised Series 2017 Note in Exchange for the Series 2017 Note. The District will hereby execute a Revised Series 2017 Note in the form described in Resolution No. 2017-04, but including the statement reflecting the Principal Paydown reflected in Section 1.04 hereof, and the District will exchange the Revised Series 2017 Note for the Series 2017 Note held by MBOI.

Section 4. No Further Amendments of Resolution No. 2017-04. Other than as stated herein, Resolution No. 2017-04 is not amended and the covenants of the District therein remain.

Passed and adopted this 13<sup>th</sup> day of August, 2018.

Attest:

  
Secretary

Approved:

  
President

The following Board Members voted in favor of the Resolution:

David Sullivan, Eric Amend, Ted Border

The following Board Members voted against the Resolution:

NONE

The following Board Members were absent or abstained:

Elana Wexall

Edwin Engler

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

REVISED 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, 2019	March 31, 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 Revised Series 2017 Note is issued in the aggregate principal amount of \$1,650,000 pursuant to District Resolution No. 2017-04, as amended by Resolution No. 18-03, and is dated as of March 31, 2017 (the "Revised Series 2017 Note"). Upon each disbursement of the Revised 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. 2017-04. The Revised Series 2017 Note shall be lettered and numbered R-1 and shall mature, subject to redemption as herein provided, September 1, 2019 (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 Revised 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. 2017-04, duly adopted March 6, 2017, as revised by Resolution No. 18-03 adopted August 13, 2018 (collectively, 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 Revised Series 2017 Note, the conditions under which additional bonds may be issued on a parity as to payment with the Revised Series 2017 Note or otherwise, the conditions under which the Note Resolution may be amended and the rights of the holders of the Revised Series 2017 Note. The Revised 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 Revised 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 Revised 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 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 Revised 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 Revised 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 Revised Series 2017 Note, whichever is earlier; provided that if the Revised Series 2017 Note is not paid at its final Stated Maturity, the final Adjustment Period with respect to the Revised Series 2017 Note shall extend until it is paid or provision has been duly made for its payment.

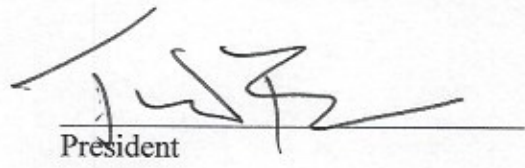
The District may redeem on any date, in whole or in part, any unpaid principal of this Note at a price equal to the principal amount advanced to such date plus interest accrued to such date. Notice of any such prepayment will be mailed by the District not less than 15 days prior to the date specified 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 required; 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 Revised 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 Revised 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 31, 2017.



President

ATTEST:



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>
_____	_____	_____
_____	_____	_____
_____	_____	_____