

1 CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

2 I, the undersigned, being the duly qualified and acting recording officer of the City-  
3 County of Butte-Silver Bow, Montana (the "City-County"), hereby certify that the attached  
4 resolution is a true copy of Council Resolution No. 15-9, entitled: "RESOLUTION RELATING  
5 TO \$10,000,000 SEWER SYSTEM REVENUE BOND (DNRC WATER POLLUTION  
6 CONTROL STATE REVOLVING LOAN PROGRAM), SERIES 2015; AUTHORIZING THE  
7 ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF" (the "Resolution"),  
8 on file in the original records of the City-County in my legal custody; that the Resolution  
9 introduced by the Council of Commissioners of the City-County at a regular meeting on April  
10 15, 2015, and that the meeting was duly held by the Council of Commissioners and was attended  
11 throughout by a quorum, pursuant to call and notice of such meeting given as required by law;  
12 and that the Resolution has not as of the date hereof been amended or repealed.

13 WITNESS my hand and seal officially this \_\_\_\_\_ day of April, 2015.

14  
15 \_\_\_\_\_  
16 Clerk and Recorder

17 I further certify that the Resolution was duly approved and adopted on second reading by  
18 the Council of Commissioners of the City-County at a regular meeting on May 6, 2015, and that  
19 the meeting was duly held by the Council of Commissioners and was attended throughout by a  
20 quorum, pursuant to call and notice of such meeting given as required by law; and that the  
21 Resolution has not as of the date hereof been amended or repealed.

22 I further certify that, upon vote being taken on the Resolution at said meeting, the  
23 following Commissioners voted in favor thereof: \_\_\_\_\_  
24 \_\_\_\_\_; voted against the same:  
25 \_\_\_\_\_; abstained from voting thereon: \_\_\_\_\_;  
26 or were absent: \_\_\_\_\_.

27 WITNESS my hand and seal officially this \_\_\_\_\_ day of May, 2015.

28  
29 \_\_\_\_\_  
30 Clerk and Recorder

COUNCIL RESOLUTION NO. 15-9

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SUPPLEMENTAL RESOLUTION

Relating to

\$10,000,000

SEWER SYSTEM REVENUE BOND

(DNRC WATER POLLUTION CONTROL STATE REVOLVING LOAN PROGRAM)

SERIES 2015

CITY-COUNTY OF BUTTE-SILVER BOW, MONTANA

Adopted: May 6, 2015

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**TABLE OF CONTENTS**

(For convenience only, not a part of this Supplemental Resolution)

Page

5 Recitals..... 1

**ARTICLE I  
DEFINITIONS, RULES OF CONSTRUCTION AND APPENDICES**

8 Section 1.1. Definitions ..... 2  
9 Section 1.2. Other Rules of Construction ..... 6  
10 Section 1.3. Appendices ..... 6

**ARTICLE II  
AUTHORIZATION, FINDINGS, REPRESENTATIONS AND COVENANTS**

13 Section 2.1. Authorization and Findings ..... 7  
14 Section 2.2. Representations..... 8  
15 Section 2.3. Covenants ..... 10  
16 Section 2.4. Covenants Relating to the Tax-Exempt  
17 Status of the State Bonds ..... 12  
18 Section 2.5. Maintenance of System; Liens ..... 14  
19 Section 2.6. Maintenance of Existence; Merger  
20 Consolidation, Etc.; Disposition of Assets ..... 14

**ARTICLE III  
USE OF PROCEEDS; THE WASTEWATER TREATMENT PLANT PROJECT**

23 Section 3.1. Use of Proceeds ..... 15  
24 Section 3.2. The Wastewater Treatment Plant Project ..... 15  
25 Section 3.3. Wastewater Treatment Plant Project Representations and Covenants 16  
26 Section 3.4. Completion or Cancellation or Reduction of  
27 Costs of the Wastewater Treatment Plant Project ..... 17

**ARTICLE IV  
THE LOAN**

30 Section 4.1. The Loan; Disbursement of Loan ..... 17  
31 Section 4.2. Commencement of Loan Term..... 19  
32 Section 4.3. Termination of Loan Term ..... 19  
33 Section 4.4. Loan Closing Submissions ..... 20  
34

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
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13  
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27  
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29  
30  
31  
32  
33

ARTICLE V  
REPAYMENT OF 2015 LOAN

Section 5.1.	Repayment of 2015 Loan .....	20
Section 5.2.	Additional Payments.....	21
Section 5.3.	Prepayments.....	21
Section 5.4.	Obligations of Borrower Unconditional .....	21
Section 5.5.	Limited Liability.....	21

ARTICLE VI

INDEMNIFICATION OF DNRC AND DEQ .....	22
---------------------------------------	----

ARTICLE VII  
ASSIGNMENT

Section 7.1.	Assignment by Borrower.....	22
Section 7.2.	Assignment by DNRC .....	22
Section 7.3.	State Refunding Bonds .....	22

ARTICLE VIII  
THE SERIES 2015 BOND

Section 8.1.	Net Revenues Available .....	23
Section 8.2.	Issuance and Sale of the Series 2015 Bond .....	23
Section 8.3.	Terms .....	23
Section 8.4.	Negotiability, Transfer and Registration .....	23
Section 8.5.	Execution and Delivery .....	24
Section 8.6.	Form.....	24

ARTICLE IX

SECURITY FOR THE SERIES 2015 BONDS .....	24
--	----

ARTICLE X  
TAX MATTERS

Section 10.1.	Use of Wastewater Treatment Plant Project .....	25
Section 10.2.	General Covenant.....	25
Section 10.3.	Arbitrage Certification .....	25
Section 10.4.	Arbitrage Rebate Exemption .....	25
Section 10.5.	Information Reporting .....	26

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18

ARTICLE XI

CONTINUING DISCLOSURE ..... 26

ARTICLE XII  
MISCELLANEOUS

Section 12.1. Notices ..... 26  
Section 12.2. Binding Effect ..... 27  
Section 12.3. Severability ..... 27  
Section 12.4. Amendments ..... 27  
Section 12.5. Applicable Law ..... 27  
Section 12.6. Captions; References to Sections ..... 27  
Section 12.7. No Liability of Individual Officers, Directors or Trustees ..... 27  
Section 12.8. Payments Due on Holidays ..... 27  
Section 12.9. Right of Others To Perform Borrower’s Covenants ..... 28  
Section 12.10. Authentication of Transcript ..... 28  
Section 12.11. Effective Date ..... 29

APPENDIX A – Description of the Wastewater Treatment Plant Project ..... A-1  
APPENDIX B – Form of Series 2015 Bond ..... B-1  
APPENDIX C – Additional Representations and Covenants ..... C-1

1 COUNCIL RESOLUTION NO. 15-9

2 RESOLUTION RELATING TO \$10,000,000 SEWER SYSTEM  
3 REVENUE BOND (DNRC WATER POLLUTION CONTROL  
4 STATE REVOLVING LOAN PROGRAM), SERIES 2015;  
5 AUTHORIZING THE ISSUANCE AND FIXING THE TERMS  
6 AND CONDITIONS THEREOF

7 WHEREAS, pursuant to the Water Pollution Control State Revolving Fund Act, Montana  
8 Code Annotated, Title 75, Chapter 5, Part 11, as amended (the "State Act"), the State of Montana  
9 (the "State") has established a revolving loan program (the "Program") to be administered by the  
10 Department of Natural Resources and Conservation of the State of Montana, an agency of the  
11 State (the "DNRC"), and by the Department of Environmental Quality of the State of Montana,  
12 an agency of the State (the "DEQ"), and has provided that a water pollution control state  
13 revolving fund (the "Revolving Fund") be created within the state treasury and all federal, state  
14 and other funds for use in the Program be deposited into the Revolving Fund, including, but not  
15 limited to, all federal grants for capitalization of a state water pollution control revolving fund  
16 under the Federal Water Pollution Control Act (the "Clean Water Act"), all repayments of  
17 assistance awarded from the Revolving Fund, interest on investments made on money in the  
18 Revolving Fund and payments of principal of and interest on loans made from the Revolving  
19 Fund; and

20 WHEREAS, the State Act provides that funds from the Program shall be disbursed and  
21 administered for the purposes set forth in the Clean Water Act and according to rules adopted by  
22 the DEQ and the DNRC; and

23 WHEREAS, the City-County of Butte-Silver Bow, Montana (the "Borrower") has  
24 applied to the DNRC for the 2015 Loan (as hereinafter defined) from the Revolving Fund to  
25 enable the Borrower to finance, refinance or reimburse itself in part for a portion of the costs of  
26 the Wastewater Treatment Plant Project (as hereinafter defined) which will carry out the  
27 purposes of the Clean Water Act; and

28 WHEREAS, the Borrower is authorized under applicable laws, ordinances and  
29 regulations to adopt this Supplemental Resolution and to issue the Series 2015 Bond (as  
30 hereinafter defined) to evidence the 2015 Loan (as hereinafter defined) for the purposes set forth  
31 herein; and

32 WHEREAS, the DNRC will fund the 2015 Loan (as hereinafter defined) either (i)  
33 entirely from proceeds of State Bonds, or (ii) in part, directly or indirectly, with proceeds of the  
34 State's General Obligation Bonds (Drinking Water State Revolving Fund Program) (the "State  
35 Bonds") and in part, directly or indirectly, with funds provided by the United States  
36 Environmental Protection Agency.

37 NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF COMMISSIONERS  
38 OF THE CITY-COUNTY OF BUTTE-SILVER BOW, MONTANA, AS FOLLOWS:

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ARTICLE I

DEFINITIONS, RULES OF CONSTRUCTION AND APPENDICES

Section 1.1 Definitions. Unless a different meaning clearly appears from the context, terms used with initial capital letters but undefined in this Supplemental Resolution shall have the meanings given them in the Original Resolution, the Indenture, or as follows:

“Accountant” or “Accountants” means an independent certified public accountant or a firm of independent certified public accountants satisfactory to the DNRC.

“Acquisition and Construction Account” means the account created in the Sewer System Fund pursuant to Section 11.2 of the Original Resolution.

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

“Additional Bonds” means any Bonds issued pursuant to Article X of the Original Resolution excluding Section 10.4 thereof.

“Administrative Expense Surcharge” has the meaning given such term under the Indenture.

“Authorized DNRC Officer” means the Director of the DNRC or his or her designee.

“Bond Counsel” means any Counsel nationally recognized as experienced in matters relating to the issuance by states or political subdivisions of tax-exempt obligations selected by the Borrower and acceptable to the DNRC.

“Bonds” means the Series 2014 Bond, the Series 2015 Bond and any Sewer Debt to be issued on a parity therewith pursuant to Sections 10.2 or 10.3 of the Original Resolution.

“Borrower” means the City-County of Butte-Silver Bow, Montana and its permitted successors or assigns hereunder.

“Business Day” means any day which is not a Saturday or Sunday, a legal holiday in the State or a day on which banks in Montana are authorized or required by law to close.

“Clean Water Act” means the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251-1387, as amended, and all regulations, rules and interpretations issued by the EPA thereunder.

“Closing” means the date of delivery of the Series 2015 Bond to the DNRC.

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

“Collateral Documents” means any security agreement, guaranty or other document or agreement delivered to the DNRC securing the obligations of the Borrower under this Supplemental Resolution and the Series 2015 Bond. If no Collateral Documents secure such

1 obligations, any reference to Collateral Documents in this Supplemental Resolution shall be  
2 without effect.

3 “Committed Amount” means the amount of the 2015 Loan committed to be lent by the  
4 DNRC to the Borrower pursuant to Section 4.1 of this Supplemental Resolution, as such amount  
5 may be reduced pursuant to Sections 3.2 and 3.4 of this Supplemental Resolution.

6 “Consultant” means a nationally recognized consultant or firm of consultants, or an  
7 independent engineer or firm of independent engineers, or an Accountant, which in any case is  
8 qualified and has skill and experience in the preparation of financial feasibility studies or  
9 projections for facilities similar to the System or the Wastewater Treatment Plant Project,  
10 selected by the Borrower and satisfactory to the DNRC.

11 “Council” means the Council of Commissioners of the Borrower.

12 “Counsel” means an attorney duly admitted to practice law before the highest court of  
13 any state and satisfactory to the DNRC.

14 “Debt” means, without duplication, (1) indebtedness of the Borrower for borrowed  
15 money or for the deferred purchase price of property or services; (2) the obligation of the  
16 Borrower as lessee under leases which should be recorded as capital leases under generally  
17 accepted accounting principles; and (3) obligations of the Borrower under direct or indirect  
18 guarantees in respect of, and obligations (contingent or otherwise) to purchase or otherwise  
19 acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of  
20 others of the kinds referred to in clause (1) or (2) above.

21 “DEQ” means the Department of Environmental Quality of the State of Montana, an  
22 agency of the State, or any successor to its powers, duties and obligations under the State Act or  
23 the EPA Agreements.

24 “DNRC” means the Department of Natural Resources and Conservation of the State of  
25 Montana, an agency of the State, and any successor to its powers, duties and obligations under  
26 the State Act.

27 “EPA” means the Environmental Protection Agency, an agency of the United States of  
28 America, and any successor to its functions under the Clean Water Act.

29 “EPA Agreements” means all capitalization grant agreements and other written  
30 agreements between the DEQ, DNRC and the EPA concerning the Program.

31 “EPA Capitalization Grant” means a grant of funds to the State by the EPA under Title  
32 VI of the Clean Water Act and any grant made available by the EPA for deposit in the Revolving  
33 Fund pursuant to Section 205(m) of the Clean Water Act.

34 “Fund” means the Sewer System Fund established pursuant to Section 11.1 of the  
35 Original Resolution.

1           “Governmental Unit” means governmental unit as such term is used in Section 145(a) of  
2 the Code.

3           “Indenture” means the Indenture of Trust, dated as of June 1, 1991, between the Board of  
4 Examiners of the State and the Trustee, as such has been or may be supplemented or amended  
5 from time to time in accordance with the provisions thereof, pursuant to which, among other  
6 things, the State Bonds are to be or have been issued.

7           “Loan Loss Reserve Surcharge” has the meaning given such term under the Indenture.

8           “Loan Repayments” means periodic installments of principal and interest by Borrower in  
9 repayment of the 2015 Loan, at the rate and times specified in Article IV.

10           “Net Revenues” means the entire amount of the gross revenues of the System (as  
11 described in Section 11.1 of the Original Resolution) remaining upon each such monthly  
12 apportionment, after crediting to the Operating Account the amount required by the Resolution,  
13 including sums required to maintain the Operating Reserve in the minimum amount as stated in  
14 Section 11.3 of the Original Resolution.

15           “Operating Account” means the account created in the Sewer System Fund pursuant to  
16 Sections 11.1 and 11.3 of the Original Resolution.

17           “Original Resolution” means Resolution No. 14-32 of the Borrower adopted on  
18 September 17, 2014.

19           “Payment Date” means each January 1 and July 1 during the term of the 2015 Loan on  
20 which a payment of interest or principal and interest is due, as determined under this  
21 Supplemental Resolution.

22           “Program” means the Water Pollution Control State Revolving Loan Program established  
23 by the State Act.

24           “Project” means an improvement, betterment, reconstruction or extension of the System,  
25 including the Wastewater Treatment Plant Project.

26           “Public Entity” means a State agency, city, town, municipality, irrigation district, county  
27 water and sewer district, a soil conservation district or other public body established by State law  
28 or an Indian tribe that has a federally recognized governing body carrying out substantial  
29 governmental duties and powers over any area.

30           “Regulations” means the Treasury Department, Income Tax Regulations, as amended or  
31 any successor regulation thereto, promulgated under the Code or otherwise applicable to the  
32 Series 2015 Bond.

33           “Replacement and Depreciation Account” means the account created in the Sewer  
34 System Fund pursuant to Section 11.6 of the Original Resolution.

1           “Reserve Account” means the account created in the Sewer System Fund pursuant to  
2 Sections 11.1 and 11.5 of the Original Resolution.

3           “Reserve Requirement” means, as of the date of calculation, an amount equal to one-half  
4 of the sum of the highest amount of principal of and interest payable on outstanding Bonds in the  
5 current or any future fiscal year (giving effect to mandatory sinking fund redemption, if any).

6           “Resolution” means the Original Resolution, as supplemented by this Supplemental  
7 Resolution and other supplemental resolutions.

8           “Revenue Bond Account” means the account created in the Sewer System Fund pursuant  
9 to Sections 11.1 and 11.4 of the Original Resolution.

10           “Series 2014 Bond” means the Sewer System Revenue Bond (DNRC Water Pollution  
11 Control State Revolving Loan Program), Series 2014, issued by the Borrower, in the maximum  
12 authorized principal amount of \$10,000,000 pursuant to the Resolution as then in effect.

13           “Series 2015 Bond” means the \$10,000,000 Sewer System Revenue Bond (DNRC Water  
14 Pollution Control State Revolving Loan Program), Series 2015, issued to the DNRC to evidence  
15 the 2015 Loan.

16           “Sewer Revenues” means revenues (gross or net) received by the Borrower from or in  
17 connection with the operation of the System.

18           “Sewer System Fund” means the fund created by Section 11.1 of the Original  
19 Resolution.

20           “State” means the State of Montana.

21           “State Act” means Montana Code Annotated, Title 75, Chapter 5, Part 11, as amended  
22 from time to time.

23           “State Bonds” means the State’s General Obligation Bonds (Water Pollution Control  
24 State Revolving Fund Program), issued or to be issued pursuant to the Indenture.

25           “Subordinate Obligations” means any subordinate obligations issued under Section 10.4  
26 of the Original Resolution.

27           “Supplemental Resolution” means this Resolution No. 15-9 of the Borrower adopted on  
28 May 6, 2015.

29           “Surplus Account” means the account created in the Sewer System Fund pursuant to  
30 Sections 11.1 and 11.7 of the Original Resolution.

31           “Surplus Net Revenues” shall mean that portion of the Net Revenues in excess of the  
32 current requirements of the Operating Account, the Revenue Bond Account and the Reserve  
33 Account.

1 “System” means the existing sewer system of the Borrower and all extensions,  
2 improvements and betterments thereof hereafter constructed and acquired, including, without  
3 limitation, the Wastewater Treatment Plant Project.

4 “Trustee” means U.S. Bank National Association, in Seattle, Washington, or any  
5 successor trustee under the Indenture.

6 “2015 Loan” or “Loan” means the 2015 Loan made to the Borrower by the DNRC  
7 pursuant to the Program in the maximum amount of the 2015 Committed Amount to provide  
8 funds to pay a portion of the costs of the Wastewater Treatment Plant Project payable under the  
9 Program and to pay a portion of the costs of issuance of the Series 2015 Bond.

10 “Undisbursed Committed Amount” means any undisbursed Committed Amount which is  
11 not required to pay costs of the Wastewater Treatment Plant Project upon completion thereof as  
12 provided in Section 3.4 of this Supplemental Resolution.

13 “Wastewater Treatment Plant Project” means the designing, engineering, and  
14 construction of the facilities, improvements and activities financed, refinanced or the cost of  
15 which is being financed by or reimbursed to the Borrower with proceeds of the 2015 Loan,  
16 described in Appendix A hereto.

17 Section 1.2 Other Rules of Construction. For all purposes of this Supplemental  
18 Resolution, except where the context clearly indicates otherwise:

19 (a) All accounting terms not otherwise defined herein have the meanings assigned to  
20 them in accordance with generally accepted government accounting standards.

21 (b) Terms in the singular include the plural and vice versa.

22 (c) All references to time shall refer to Helena, Montana time, unless otherwise provided  
23 herein.

24 (d) All references to mail shall refer to first-class mail postage prepaid.

25 (e) Words of the masculine gender shall be deemed and construed to include correlative  
26 words of the feminine and neuter genders.

27 (f) “Or” is not exclusive, but is intended to permit or encompass one, more or all of the  
28 alternatives conjoined.

29 Section 1.3 Appendices. Attached to this Supplemental Resolution and hereby made a  
30 part hereof are the following Appendices:

31 Appendix A: a description of the Wastewater Treatment Plant Project and estimated  
32 budget;

33 Appendix B: the form of the Series 2015 Bond; and



1 proceeds of the additional Bonds proposed to be issued. In no event shall any additional Bonds  
2 be issued and made payable from the Revenue Bond Account if the Borrower is then in default  
3 in any payment of principal of or interest on any outstanding Bonds payable therefrom, or if  
4 there then exists any deficiency in the balances required by the Original Resolution to be  
5 maintained in any of the accounts of the Fund, which will not be cured or restored upon the  
6 issuance of the additional Bonds. Based on a certificate executed or to be executed by the  
7 Finance and Budget Director, it is hereby determined that the Borrower is authorized to issue  
8 additional Bonds in the maximum principal amount of up to \$10,000,000 pursuant to Section  
9 10.3 of the Original Resolution payable from and secured by the Net Revenues on a parity with  
10 the outstanding Series 2014 Bond.

11 (f) No Administrative Expense Surcharge or Loan Loss Reserve Surcharge. The DNRC  
12 has determined that in connection with the sound and prudent management of the Program, there  
13 is no need for an Administrative Expense Surcharge or Loan Loss Reserve Surcharge, and that  
14 instead of such surcharges, the interest rate on the 2015 Loan is 2.50% per annum.

15 Section 2.2 Representations. The Borrower represents as follows:

16 (a) Organization and Authority. The Borrower:

17 (1) is duly organized and validly existing as a municipal corporation of the State;

18 (2) has all requisite power and authority and all necessary licenses and permits  
19 required as of the date hereof to own and operate the System and to carry on its current  
20 activities with respect to the System, to adopt this Supplemental Resolution and to enter  
21 into the Collateral Documents and to issue the Series 2015 Bond and to carry out and  
22 consummate all transactions contemplated by the Supplemental Resolution, the Series  
23 2015 Bond and the Collateral Documents;

24 (3) is a Governmental Unit and a Public Entity; and

25 (4) has taken all proper action to authorize the execution, delivery and  
26 performance of its obligations under this Supplemental Resolution, the Series 2015 Bond  
27 and the Collateral Documents and the incurrence of the Debt evidenced by the Series  
28 2015 Bond in the maximum amount of the Committed Amount.

29 (b) Litigation. There is no litigation or proceeding pending, or to the knowledge of the  
30 Borrower threatened, against or affecting the Borrower in any court or before or by any  
31 governmental authority or arbitration board or tribunal that, if adversely determined, would  
32 materially and adversely affect the existence, corporate or otherwise, of the Borrower, or the  
33 ability of the Borrower to make all payments and otherwise perform its obligations under the  
34 Resolution, the Series 2015 Bond and the Collateral Documents, or the financial condition of the  
35 Borrower, or the transactions contemplated by the Resolution, the Series 2015 Bond and the  
36 Collateral Documents or the validity and enforceability of the Resolution, the Series 2015 Bond  
37 and the Collateral Documents. No referendum petition has been filed with respect to any  
38 resolution or other action of the Borrower relating to the Wastewater Treatment Plant Project, the

1 Series 2015 Bond or any Collateral Documents and the period for filing any such petition will  
2 have expired before issuance of the Series 2015 Bond.

3 (c) Borrowing Legal and Authorized. The adoption of this Supplemental Resolution, the  
4 execution and delivery of the Series 2015 Bond and the Collateral Documents and the  
5 consummation of the transactions provided for in this Supplemental Resolution, the Series 2015  
6 Bond and the Collateral Documents and compliance by the Borrower with the provisions of the  
7 Resolution, the Series 2015 Bond and the Collateral Documents:

8 (1) are within the powers of the Borrower and have been duly authorized by all  
9 necessary action on the part of the Borrower; and

10 (2) do not and will not result in any breach of any of the terms, conditions or  
11 provisions of, or constitute a default under, or result in the creation or imposition of any  
12 lien, charge or encumbrance upon any property or assets of the Borrower pursuant to any  
13 ordinance, resolution, indenture, loan agreement or other agreement or instrument (other  
14 than the Resolution and any Collateral Documents) to which the Borrower is a party or  
15 by which the Borrower or its property may be bound, nor will such action result in any  
16 violation of the provisions of any laws, ordinances, governmental rules or regulations or  
17 court or other governmental orders to which the Borrower, its properties or operations are  
18 subject.

19 (d) No Defaults. No event has occurred and no condition exists that, upon execution and  
20 delivery of the Series 2015 Bond and the Collateral Documents, would constitute a default under  
21 the Resolution or the Collateral Documents. The Borrower is not in violation of any term of any  
22 agreement, bond resolution, trust indenture, charter or other instrument to which it is a party or  
23 by which it or its property may be bound which violation would materially and adversely affect  
24 the transactions contemplated hereby or the compliance by the Borrower with the terms hereof or  
25 of the Series 2015 Bond and the Collateral Documents.

26 (e) Governmental Consent. The Borrower has obtained or made all permits, findings and  
27 approvals required to the date of adoption of this Supplemental Resolution by any governmental  
28 body or officer for the making and performance by the Borrower of its obligations under this  
29 Supplemental Resolution, the Series 2015 Bond and the Collateral Documents (including any  
30 necessary sewer rate increase) or for the Wastewater Treatment Plant Project, the financing or  
31 refinancing thereof or the reimbursement of the Borrower for the costs thereof. No consent,  
32 approval or authorization of, or filing, registration or qualification with, any governmental  
33 authority (other than those, if any, already obtained) is required on the part of the Borrower as a  
34 condition to adopting this Supplemental Resolution, issuing the Series 2015 Bond or entering  
35 into the Collateral Documents and the performance of the Borrower's obligations hereunder and  
36 thereunder. If a utility board or commission manages or controls the System, such board or  
37 commission has agreed with the DNRC to abide by the terms of the Resolution and the Collateral  
38 Documents, including approving any necessary sewer rate increases.

39 (f) Binding Obligation. The Resolution, the Series 2015 Bond and any Collateral  
40 Document to which the Borrower is a party are the valid and binding special, limited obligations  
41 and agreements of the Borrower, enforceable against the Borrower in accordance with their

1 terms, except to the extent that the enforceability thereof may be limited by laws relating to  
2 bankruptcy, moratorium, reorganization, insolvency or similar laws affecting creditors' rights  
3 and general principles of equity.

4 (g) The Wastewater Treatment Plant Project. The Wastewater Treatment Plant Project  
5 consists and will consist of the facilities, improvements and activities described in Appendix A,  
6 as such Appendix A may be amended from time to time in accordance with the provisions of  
7 Article III of this Supplemental Resolution.

8 (h) Full Disclosure. There is no fact that the Borrower has not specifically disclosed in  
9 writing to the DNRC that materially and adversely affects or (so far as the Borrower can now  
10 foresee), except for pending or proposed legislation or regulations that are a matter of general  
11 public information, that will materially and adversely affect the properties, operations and  
12 finances of the System, the Borrower's status as a Public Entity and Governmental Unit, its  
13 ability to own and operate the System in the manner it is currently operated or the Borrower's  
14 ability to perform its obligations under the Resolution, the Series 2015 Bond and the Collateral  
15 Documents and to pledge any revenues or other property pledged to the payment of the Series  
16 2015 Bond.

17 (i) Compliance With Law. The Borrower:

18 (1) is in compliance with all laws, ordinances, governmental rules and regulations  
19 and court or other governmental orders, judgments and decrees to which it is subject and  
20 which are material to the properties, operations and finances of the System or its status as  
21 a Public Entity and Governmental Unit; and

22 (2) has obtained all licenses, permits, franchises or other governmental  
23 authorizations necessary to the ownership of the System and the operation thereof and  
24 agrees to obtain all such licenses, permits, franchises or other governmental  
25 authorizations as may be required in the future for the System and the operation thereof,  
26 which failure to obtain might materially and adversely affect the ability of the Borrower  
27 to conduct the operation of the System as presently conducted or the condition (financial  
28 or otherwise) of the System or the Borrower's ability to perform its obligations under the  
29 Resolution, the Series 2015 Bond and the Collateral Documents.

30 Section 2.3 Covenants.

31 (a) Insurance. In addition to the requirements of Section 2.2 of the Original Resolution,  
32 the Borrower at all times shall keep and maintain with respect to the System property and  
33 casualty insurance and liability insurance with financially sound and reputable insurers, or self-  
34 insurance as authorized by State law, against such risks and in such amounts, and with such  
35 deductible provisions, as are customary in the State in the case of entities of the same size and  
36 type as the Borrower and similarly situated and shall carry and maintain, or cause to be carried  
37 and maintained, and pay or cause to be paid timely the premiums for all such insurance. All such  
38 insurance policies shall name the DNRC as an additional insured to the extent permitted under  
39 the policy or program of insurance of the Borrower. Each policy must provide that it cannot be  
40 cancelled by the insurer without giving the Borrower and the DNRC 30 days' prior written

1 notice. The Borrower shall give the DNRC prompt notice of each insurance policy it obtains or  
2 maintains to comply with this Section 2.3(a) and of each renewal, replacement, change in  
3 coverage or deductible under or amount of or cancellation of each such insurance policy and the  
4 amount and coverage and deductibles and carrier of each new or replacement policy. Such  
5 notice shall specifically note any adverse change as being an adverse change. The Borrower  
6 shall deliver to the DNRC at Closing a certificate providing the information required by this  
7 Section 2.3(a).

8 (b) Right of Inspection and Notice of Change of Location. The DNRC, the DEQ and the  
9 EPA and their designated agents shall have the right at all reasonable times during normal  
10 business hours and upon reasonable notice to enter into and upon the property of the Borrower  
11 for the purpose of inspecting the System or any or all books and records of the Borrower relating  
12 to the System.

13 (c) Further Assurance. The Borrower shall execute and deliver to the DNRC all such  
14 documents and instruments and do all such other acts and things as may be necessary or required  
15 by the DNRC to enable the DNRC to exercise and enforce its rights under the Resolution, the  
16 Series 2015 Bond and the Collateral Documents and to realize thereon, and record and file and  
17 re-record and refile all such documents and instruments, at such time or times, in such manner  
18 and at such place or places, all as may be necessary or required by the DNRC to validate,  
19 preserve and protect the position of the DNRC under the Resolution, the Series 2015 Bond and  
20 the Collateral Documents.

21 (d) Maintenance of Security, if Any; Recordation of Interest.

22 (1) The Borrower shall, at its expense, take all necessary action to maintain and  
23 preserve the lien and security interest of the Resolution and the Collateral Documents so  
24 long as any amount is owing under the Resolution or the Series 2015 Bond;

25 (2) The Borrower shall forthwith, after the execution and delivery of the Series  
26 2015 Bond and thereafter from time to time, cause the Resolution and any Collateral  
27 Documents granting a security interest in revenues or real or personal property and any  
28 financing statements or other notices or documents relating thereto to be filed, registered  
29 and recorded in such manner and in such places as may be required by law in order to  
30 perfect and protect fully the lien and security interest hereof and thereof and the security  
31 interest in them granted by the Resolution and, from time to time, shall perform or cause  
32 to be performed any other act required by law, including executing or causing to be  
33 executed any and all required continuation statements and shall execute or cause to be  
34 executed any further instruments that may be requested by the DNRC for such perfection  
35 and protection; and

36 (3) Except to the extent it is exempt therefrom, the Borrower shall pay or cause to  
37 be paid all filing, registration and recording fees incident to such filing, registration and  
38 recording, and all expenses incident to the preparation, execution and acknowledgment of  
39 the documents described in subparagraph (2), and all federal or state fees and other  
40 similar fees, duties, imposts, assessments and charges arising out of or in connection with

1 the execution and delivery of the Series 2015 Bond and the Collateral Documents and the  
2 documents described in subparagraph (2).

3 (e) Additional Agreements. The Borrower covenants to comply with all representations,  
4 covenants, conditions and agreements, if any, set forth in Appendix C hereto.

5 (f) Financial Information. This Section 2.3(f) supplements, and is not intended to limit,  
6 the requirements in Section 2.2(f) of the Original Resolution. The Borrower agrees that for each  
7 fiscal year it shall furnish to the DNRC and the DEQ, promptly when available, in addition to  
8 those matters specified in Section 2.2(f) of the Original Resolution:

9 (1) the preliminary budget for the System, with items for the Wastewater  
10 Treatment Plant Project shown separately; and

11 (2) when adopted, the final budget for the System, with items for the Wastewater  
12 Treatment Plant Project shown separately.

13 (g) Wastewater Treatment Plant Project Accounts. The Borrower shall maintain  
14 Wastewater Treatment Plant Project accounts in accordance with generally accepted government  
15 accounting standards, and as separate accounts, as required by Section 602(b)(9) of the Clean  
16 Water Act.

17 (h) Records. After reasonable notice from the EPA or the DNRC, the Borrower shall  
18 make available to the EPA or the DNRC such records as the EPA or the DNRC reasonably  
19 requires to review and determine compliance with the Clean Water Act, as provided in  
20 Section 606(e) of the Clean Water Act.

21 (i) Compliance with Clean Water Act. The Borrower has complied and shall comply  
22 with all conditions and requirements of the Clean Water Act pertaining to the 2015 Loan and the  
23 Wastewater Treatment Plant Project.

24 (j) Program Covenant. The Borrower agrees that neither it nor any “related person” to  
25 the Borrower (within the meaning of Section 147(a)(2) of the Code) shall, whether pursuant to a  
26 formal or informal arrangement, acquire bonds issued by the State under the Indenture in an  
27 amount related to the amount of the Series 2015 Bond.

28 Section 2.4 Covenants Relating to the Tax-Exempt Status of the State Bonds.

29 (a) The Borrower covenants and agrees that it will not use or permit to be used any of the  
30 proceeds of the Series 2015 Bond or any other funds of the Borrower in respect of the  
31 Wastewater Treatment Plant Project or the Series 2015 Bond, directly or indirectly, in a manner  
32 that would cause, or take any other action that would cause, any State Bond to be an “arbitrage  
33 bond” within the meaning of Section 148 of the Code or would otherwise cause the interest on  
34 the State Bonds to be included in gross income for purposes of federal income taxation.

35 (b) The Borrower agrees that it will not enter into, or allow any “related person” (as  
36 defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for

1 the purchase of the State Bonds or any other obligations of the DNRC in an amount related to the  
2 amount of the Loan or the portion of the Loan derived directly or indirectly from proceeds of the  
3 State Bonds or that would otherwise cause any State Bond to be an “arbitrage bond” within the  
4 meaning of Section 148 of the Code.

5 (c) The Borrower shall not use or permit the use of the Wastewater Treatment Plant  
6 Project directly or indirectly in any trade or business carried on by any Person who is not a  
7 Governmental Unit. For the purpose of this subparagraph, use as a member of the general public  
8 (within the meaning of the Regulations) shall not be taken into account and any activity carried  
9 on by a Person other than a natural person shall be treated as a trade or business.

10 (d) Any portion of the Wastewater Treatment Plant Project being refinanced or the cost  
11 of which is being reimbursed was acquired by and is now and shall, during the term of the Loan,  
12 be owned by the Borrower and not by any other Person. Any portion of the Wastewater  
13 Treatment Plant Project being financed shall be acquired by and shall, during the term of the  
14 Loan, be owned by the Borrower and not by any other Person. Notwithstanding the previous two  
15 sentences, the Borrower may transfer the Wastewater Treatment Plant Project or a portion  
16 thereof to another Governmental Unit which is also a Public Entity if such transfer is otherwise  
17 permitted under the Resolution and if such organization agrees with the DNRC to comply with  
18 Section 2.3(h), Section 2.3(i) and Section 2.4 of this Supplemental Resolution and if the DNRC  
19 receives an Opinion of Bond Counsel that such transfer will not violate the State Act or the  
20 Clean Water Act or adversely affect the exclusion of interest on the State Bonds from gross  
21 income or purposes of federal income taxation. In addition, except as otherwise provided in the  
22 Resolution or in any Collateral Documents, the Borrower may sell or otherwise dispose of any  
23 portion of the Wastewater Treatment Plant Project which has become obsolete or outmoded or is  
24 being replaced or for other reasons is not needed by the Borrower or beneficial to the general  
25 public or necessary to carry out the purposes of the Clean Water Act.

26 (e) At the Closing of the 2015 Loan, the DNRC will, if necessary to obtain the Opinion  
27 of Bond Counsel described in Section 7.05(a) of the Indenture, deliver to the Borrower  
28 instructions concerning compliance by the Borrower with the arbitrage rebate requirements of  
29 Section 148 of the Code (the “Arbitrage Rebate Instructions”). The Borrower shall comply with  
30 the Arbitrage Rebate Instructions, if any, delivered to it by the DNRC at Closing, as such  
31 Instructions may be amended or replaced by the DNRC from time to time. The Arbitrage Rebate  
32 Instructions may be amended or replaced by new Arbitrage Rebate Instructions delivered by the  
33 DNRC and accompanied by an Opinion of Bond Counsel to the effect that the use of said  
34 amended or new Arbitrage Rebate Instructions will not adversely affect the excludability of  
35 interest on the State Bonds or any Additional State Bonds (except State Bonds the interest on  
36 which the State did not intend to be excluded from gross income for federal income tax  
37 purposes) from gross income of the recipients thereof for federal income tax purposes.

38 (f) The Borrower agrees that during the term of the 2015 Loan it will not contract with or  
39 permit any Private Person to manage the Wastewater Treatment Plant Project or any portion  
40 thereof except according to a written management contract and upon delivery to the DNRC of an  
41 opinion of Bond Counsel to the effect that the execution and delivery of such management  
42 contract will not violate the State Act or the Clean Water Act or adversely affect the exclusion of  
43 interest on State Bonds from gross income or purposes of federal income taxation.

1 (g) The Borrower may not lease the Wastewater Treatment Plant Project or any portion  
2 thereof to any Person other than a Nonexempt Person which agrees in writing with the Borrower  
3 and the State not to cause any default to occur under the Resolution; provided the Borrower may  
4 lease all or any portion of the Wastewater Treatment Plant Project to a Nonexempt Person  
5 pursuant to a lease which in the Opinion of Bond Counsel delivered to the DNRC will not cause  
6 the interest on the State Bonds to be included in gross income for purposes of federal income  
7 taxation.

8 (h) The Borrower shall not change the use or nature of the Wastewater Treatment Plant  
9 Project if (i) such change will violate the Clean Water Act, or (ii) so long as the State Bonds are  
10 outstanding unless, in the Opinion of Bond Counsel delivered to the DNRC, such change will not  
11 result in the inclusion in gross income of interest on the State Bonds for federal income tax  
12 purposes.

13 Section 2.5 Maintenance of System; Liens. The Borrower shall maintain the System,  
14 including the Wastewater Treatment Plant Project, in good condition and make all necessary  
15 renewals, replacements, additions, betterments and improvements thereto. The Borrower shall  
16 not grant or permit to exist any lien on the Wastewater Treatment Plant Project or any other  
17 property making up part of the System, other than liens securing Debt where a parity or senior  
18 lien secures the Series 2015 Bond; provided that this Section 2.5 shall not be deemed to be  
19 violated if a mechanic's or contractor's lien is filed against any such property so long as the  
20 Borrower uses its best efforts to obtain the discharge of such lien and promptly reports to the  
21 DNRC the filing of such lien and the steps it plans to take and does take to discharge of such  
22 lien.

23 Section 2.6 Maintenance of Existence; Merger, Consolidation, Etc.; Disposition of  
24 Assets. The Borrower shall maintain its corporate existence, except that it may consolidate with  
25 or merge into another Governmental Unit or permit one or more Governmental Units to  
26 consolidate with or merge into it or may transfer all or substantially all of its assets to another  
27 Governmental Unit and then dissolve if the surviving, resulting or transferee entity (if other than  
28 the Borrower) (i) is a Public Entity and (ii) assumes in writing all of the obligations of the  
29 Borrower under the Resolution, the Series 2015 Bond and the Collateral Documents, and (a)  
30 such action does not result in any default in the performance or observance of any of the terms,  
31 covenants or agreements of the Borrower under the Resolution, the Series 2015 Bond and the  
32 Collateral Documents, (b) such action does not violate the State Act or the Clean Water Act and  
33 does not adversely affect the exclusion of interest on the Series 2015 Bond or the State Bonds  
34 from gross income for federal income tax purposes and (c) the Borrower delivers to the DNRC  
35 on the date of such action an Opinion of Bond Counsel that such action complies with this  
36 Section 2.6.

37 Other than pursuant to the preceding paragraph, the Borrower shall not transfer the  
38 System or any portion thereof to any other Person, except for property which is obsolete,  
39 outmoded, worn out, is being replaced or otherwise is not needed for the operation of the  
40 System, unless the provisions of (a) and (b) of the preceding paragraph are satisfied and the  
41 Borrower delivers to the DNRC an Opinion of Bond Counsel to that effect and, in addition, the  
42 DNRC consents to such transfer.

1 ARTICLE III

2  
3 USE OF PROCEEDS; THE WASTEWATER TREATMENT PLANT PROJECT

4 Section 3.1 Use of Proceeds. The Borrower shall apply the proceeds of the 2015 Loan  
5 from the DNRC solely as follows:

6 (a) The Borrower shall apply the proceeds of the 2015 Loan solely to the financing,  
7 refinancing or reimbursement of the costs of the Wastewater Treatment Plant Project and costs of  
8 issuance of the Series 2015 Bond as set forth in Appendix A hereto and this Section 3.1. The  
9 2015 Loan will be disbursed in accordance with ARTICLE IV hereof and Article VII of the  
10 Indenture. If the Wastewater Treatment Plant Project has not been completed prior to Closing,  
11 the Borrower shall, as quickly as reasonably possible, complete the Wastewater Treatment Plant  
12 Project and expend proceeds of the 2015 Loan to pay the costs of completing the Wastewater  
13 Treatment Plant Project.

14 (b) No portion of the proceeds of the 2015 Loan shall be used to reimburse the Borrower  
15 for costs paid prior to the date of adoption of this Supplemental Resolution of a Project the  
16 construction or acquisition of which occurred or began earlier than March 7, 1985. In addition,  
17 if any proceeds of the Loan are to be used to reimburse the Borrower for Wastewater Treatment  
18 Plant Project costs paid prior to the date of adoption of this Supplemental Resolution, the  
19 Borrower shall have complied with Section 1.150-2 of the Regulations in respect of such costs.

20 (c) Any Debt to be refinanced with proceeds of the Loan was incurred after March 7,  
21 1985 for a Project the construction or acquisition of which began after March 7, 1985. No  
22 proceeds of the Loan shall be used for the purpose of refinancing an obligation the interest on  
23 which is exempt from federal income tax or excludable from gross income for purposes of  
24 federal income taxation unless the DNRC has received an Opinion of Bond Counsel, satisfactory  
25 to it, to the effect that such refinancing will not adversely affect the exclusion of interest on the  
26 State Bonds from gross income for purposes of federal income taxation.

27 Section 3.2 The Wastewater Treatment Plant Project. Set forth in Appendix A to this  
28 Supplemental Resolution is a description of the Wastewater Treatment Plant Project, which  
29 describes the property which has been or is to be acquired, installed, constructed or improved  
30 and the other activities, if any to be funded from the Loan (the Wastewater Treatment Plant  
31 Project may consist of more than one facility or activity), and an estimated budget relating to the  
32 Wastewater Treatment Plant Project. The Wastewater Treatment Plant Project may be changed  
33 and the description thereof in Appendix A may be amended from time to time by the Borrower  
34 but only after delivery to the DNRC of the following:

35 (a) A certificate of the Borrower setting forth the amendment to Appendix A and stating  
36 the reason therefor, including statements whether the amendment would cause an increase or  
37 decrease in the cost of the Wastewater Treatment Plant Project, an increase or decrease in the  
38 amount of Loan proceeds which will be required to complete the Wastewater Treatment Plant  
39 Project and whether the change will materially accelerate or delay the construction schedule for  
40 the Wastewater Treatment Plant Project;

1 (b) A written consent to such change in the Wastewater Treatment Plant Project by an  
2 Authorized DNRC Officer;

3 (c) An Opinion or Opinions of Bond Counsel stating that the Wastewater Treatment  
4 Plant Project, as constituted after such amendment, is, and was at the time the State Bonds were  
5 issued, eligible for financing under the State Act and is, and was at the time the Series 2015  
6 Bond was issued, eligible for financing under the Act, such amendment will not violate the State  
7 Act or the Act and such amendment will not adversely affect the exclusion of interest on the  
8 State Bonds or the Series 2015 Bond from gross income for purposes of federal income taxation.  
9 Such an Opinion of Bond Counsel shall not be required for amendments which do not affect the  
10 type of facility to be constructed or activity to be financed.

11 The Borrower acknowledges and agrees that an increase in the principal amount of the  
12 2015 Loan may be made only upon an application to the DEQ, the DNRC and the Trustee, in  
13 such form as the DEQ shall specify, which is approved by the DEQ and the DNRC, in their sole  
14 and absolute discretion, and adoption by the governing body of the Borrower of a resolution  
15 amendatory of or supplementary to the Resolution authorizing the additional loan and delivery of  
16 written certifications by officers of the Borrower to the DEQ, the DNRC and the Trustee to the  
17 effect that all representations and covenants contained in the resolution as it may be so amended  
18 or supplemented are true as of the date of closing of the additional loan and compliance with  
19 applicable tests for the incurrence of such Debt. No assurance can be given that any additional  
20 loan funds will be available under the Program at the time of any such application or thereafter.  
21 The Borrower acknowledges and agrees that neither the DEQ, the DNRC, the Trustee nor any of  
22 their agents, employees or representatives shall have any liability to the Borrower and have made  
23 no representations to the Borrower as to the sufficiency of the 2015 Loan to pay costs of the  
24 Wastewater Treatment Plant Project or as to the availability of additional funds under the  
25 Program to increase the principal amount of the Loan.

26 Section 3.3 Wastewater Treatment Plant Project Representations and Covenants. The  
27 Borrower hereby represents to and covenants with the DNRC that:

28 (a) all construction of the Wastewater Treatment Plant Project has complied and will  
29 comply with all federal and state standards, including, without limitation, EPA regulations and  
30 standards;

31 (b) all future construction of the Wastewater Treatment Plant Project will be done only  
32 pursuant to fixed price construction contracts. The Borrower shall obtain a performance and  
33 payment bond from the contractor for each construction contract in the amount of 100% of the  
34 construction price and ensure that such bond is maintained until construction is completed to the  
35 Borrower's, the DNRC's and the DEQ's satisfaction;

36 (c) all future construction of the Wastewater Treatment Plant Project will be done in  
37 accordance with plans and specifications on file with the DNRC and the DEQ, provided that  
38 changes may be made in such plans and specifications with the written consent of an Authorized  
39 DNRC Officer and the DEQ;

1 (d) the Wastewater Treatment Plant Project is a project of the type permitted to be  
2 financed under the Act, the State Act and the Program and Title VI of the Clean Water Act;

3 (e) the iron and steel products used in the Wastewater Treatment Plant Project comply  
4 with the “American Iron and Steel” requirements of Section 436 of the Consolidated  
5 Appropriations Act of 2014 (P.L. 113-76), as those requirements are further interpreted by  
6 applicable EPA guidance;

7 (f) the Borrower will undertake the Wastewater Treatment Plant Project promptly after  
8 the Closing and will cause the Wastewater Treatment Plant Project to be completed as promptly  
9 as practicable with all reasonable dispatch, except only as completion may be delayed by a cause  
10 or event not reasonably within the control of the Borrower; it is estimated by the Borrower that  
11 the Wastewater Treatment Plant Project will be substantially completed by December 31, 2016;  
12 and

13 (g) all laborers and mechanics employed by contractors and subcontractors on the  
14 Wastewater Treatment Plant Project have been and will be paid wages at rates not less than those  
15 prevailing on projects of a character similar in the locality as determined by the United States  
16 Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States  
17 Code.

18 Section 3.4 Completion or Cancellation or Reduction of Costs of the Wastewater  
19 Treatment Plant Project.

20 (a) Upon completion of the Wastewater Treatment Plant Project, the Borrower shall  
21 deliver to the DNRC a certificate stating that the Wastewater Treatment Plant Project is complete  
22 and stating the amount, if any, of the Undisbursed Committed Amount. If Appendix A describes  
23 two or more separate projects as making up the Wastewater Treatment Plant Project, a separate  
24 completion certificate shall be delivered for each.

25 (b) If all or any portion of the Wastewater Treatment Plant Project is cancelled or cut  
26 back or its costs are reduced or for any other reason the Borrower will not require the full  
27 Committed Amount, the Borrower shall promptly notify the DNRC in writing of such fact and  
28 the amount of the Undisbursed Committed Amount.

29 ARTICLE IV  
30

31 THE 2015 LOAN

32 Section 4.1 The Loan; Disbursement of 2015 Loan.

33 (a) The DNRC has agreed to lend to the Borrower, from time to time as the requirements  
34 of this Section 4.1 are met, an amount up to \$10,000,000 (the “2015 Committed Amount”) for  
35 the purposes of financing, refinancing or reimbursing the Borrower for a portion of the costs of  
36 the Wastewater Treatment Plant Project and paying costs of issuance of the Series 2015 Bond;  
37 provided the DNRC shall not be required to loan any proceeds of the State Bonds to the

1 Borrower after December 31, 2015. The Committed Amount may be reduced as provided in  
2 Section 3.2 and Section 3.4 of this Supplemental Resolution.

3 (b) The DNRC intends to disburse the 2015 Loan through the Trustee. In consideration  
4 of the issuance of the Series 2015 Bond by the Borrower, the DNRC shall make, or cause the  
5 Trustee to make, a disbursement of all or a portion of the 2015 Loan upon receipt of the  
6 following documents:

7 (1) an Opinion of Bond Counsel as to the validity and enforceability of the Series  
8 2015 Bond and the security therefor and stating in effect that interest on the Series 2015  
9 Bond is not includable in gross income of the owner thereof for purposes of federal  
10 income taxation, in form and substance satisfactory to the DNRC;

11 (2) the Series 2015 Bond, fully executed and authenticated;

12 (3) a certified copy of the Original Resolution and this Supplemental Resolution;

13 (4) any other security instruments or documents required by the DNRC or DEQ  
14 as a condition to their approval of the 2015 Loan;

15 (5) if all or part of a 2015 Loan is being made to refinance a Project or reimburse  
16 the Borrower for the costs of a Project paid prior to the Closing, evidence, satisfactory to  
17 the DNRC and the Bond Counsel referred to in (1) above, (A) that the acquisition or  
18 construction of the Project was begun no earlier than March 7, 1985 or the debt was  
19 incurred no earlier than March 7, 1985, (B) of the Borrower's title to the Project, (C) of  
20 the costs of such Project and that such costs have been paid by the Borrower and (D) if  
21 such costs were paid before adoption of this Supplemental Resolution that the Borrower  
22 has complied with Section 1.150-2 of the Regulations;

23 (6) the items required by the Indenture for the portion of the 2015 Loan to be  
24 disbursed at Closing; and

25 (7) such other certificates, documents and other information as the DNRC, the  
26 DEQ or the Bond Counsel giving the opinion referred to in subparagraph (1) may require  
27 (including any necessary arbitrage rebate instructions).

28 (c) In order to obtain a disbursement of a portion of the 2015 Loan to pay costs of the  
29 Wastewater Treatment Plant Project, the Borrower shall submit to the DNRC and the Trustee a  
30 signed request for disbursement on the form prescribed by the DNRC, with all attachments  
31 required by such form. The Borrower may obtain disbursements only for costs which have been  
32 legally incurred and are due and payable. All Loan disbursements will be made to the Borrower  
33 only upon proof that cost was incurred.

34 (d) For refinancings, a disbursement schedule complying with the requirements of the  
35 Clean Water Act shall be established by the DNRC and the Borrower at Closing.

1 (e) If all or a portion of the 2015 Loan is made to reimburse a Borrower for Wastewater  
2 Treatment Plant Project costs paid by it prior to Closing, the Borrower shall present at Closing  
3 the items required by Section 4.1(b) relating to such costs. The Trustee shall disburse such  
4 amounts to the Borrower pursuant to a disbursement schedule complying with the requirements  
5 of the Clean Water Act established by the DNRC and the Borrower at the Closing.

6 (f) Notwithstanding anything else provided herein, the Trustee shall not be obligated to  
7 disburse the 2015 Loan any faster or to any greater extent than it has available EPA  
8 Capitalization Grants, Bond proceeds and other amounts available therefor in the Revolving  
9 Fund. The DNRC shall not be required to do “overmatching” pursuant to Section 5.04(b) of the  
10 Indenture, but may do so in its discretion. The Borrower acknowledges that if Wastewater  
11 Treatment Plant Project costs are incurred faster than the Borrower projected at Closing, there  
12 may be delays in making disbursements of the 2015 Loan for such costs because of the schedule  
13 under which EPA makes EPA Capitalization Grant money available to the DNRC. The DNRC  
14 will use its reasonable best efforts to obtain an acceleration of such schedule if necessary.

15 (g) Upon making each 2015 Loan disbursement, the Trustee shall note such disbursement  
16 on Schedule A to the Series 2015 Bond.

17 (h) The Borrower agrees that it will deposit in the Reserve Account upon receipt thereof,  
18 on the Closing Date of the 2015 Loan and upon any subsequent disbursement date, any proceeds  
19 of the 2015 Loan borrowed for the purpose of increasing the balance in the Reserve Account to  
20 the Reserve Requirement. The Borrower further acknowledges and agrees that any portion of  
21 the 2015 Loan representing capitalized interest shall be advanced only on Payment Dates and  
22 shall be transferred by the Trustee on the Payment Date directly to the Revenue Bond Account.  
23 The amount of any such transfer shall, as appropriate, be a credit against the interest payments  
24 due on the 2015 Loan and interest thereon shall accrue only from the date of transfer.

25 (i) Compliance by the Borrower with its representations, covenants and agreements  
26 contained in the Original Resolution, this Supplemental Resolution and the Collateral Documents  
27 shall be a further condition precedent to the disbursement of the Loan in whole or in part. The  
28 DNRC and the Trustee, in their sole and absolute discretion, may make one or more  
29 disbursements, in whole or in part, notwithstanding such noncompliance, and without liability to  
30 make any subsequent disbursement of the Loan.

31 Section 4.2 Commencement of Loan Term. The Borrower’s obligations under this  
32 Supplemental Resolution and the Collateral Documents shall commence on the date hereof  
33 unless otherwise provided in this Supplemental Resolution. However, the obligation to make  
34 payments under ARTICLE V hereof shall commence only upon the first disbursement by the  
35 Trustee of the proceeds of the 2015 Loan.

36 Section 4.3 Termination of Loan Term. The Borrower’s obligations under the  
37 Resolution and the Collateral Documents in respect of the Series 2015 Bond shall terminate upon  
38 payment in full of all amounts due under the Series 2015 Bond and the Resolution in respect  
39 thereof; provided, however, that the covenants and obligations provided in ARTICLE VI and  
40 Section 10.3 of this Supplemental Resolution shall survive the termination of the Resolution.



1           Section 5.2   Additional Payments. The Borrower shall also pay, within 30 days after  
2 receipt of a bill therefor, from any legally available funds therefor, including proceeds of the  
3 Loan, if the Borrower so chooses, all reasonable expenses of the DNRC and the Trustee in  
4 connection with the 2015 Loan, the Collateral Documents and the Series 2015 Bond, including,  
5 but not limited to:

6                   (a)     the cost of reproducing this Supplemental Resolution, the Collateral  
7 Documents and the Series 2015 Bond;

8                   (b)     the fees and disbursements of bond counsel and other Counsel utilized by  
9 the DNRC and the Trustee in connection with the Loan, the Resolution, the Collateral  
10 Documents and the Series 2015 Bond and the enforcement thereof; and

11                  (c)     all taxes and other governmental charges in connection with the execution  
12 and delivery of the Collateral Documents or the Series 2015 Bond, whether or not the Series  
13 2015 Bond are then outstanding, including all recording and filing fees relating to the Collateral  
14 Documents and the pledge of the State's right, title and interest in and to the Series 2015 Bond,  
15 the Collateral Documents and the Resolution (and with the exceptions noted therein) and all  
16 expenses, including attorneys' fees, relating to any amendments, waivers, consents or collection  
17 or enforcement proceedings pursuant to the provisions hereof or thereof.

18           Section 5.3   Prepayments. The Borrower may not prepay all or any part of the  
19 outstanding principal amount of the Series 2015 Bond, unless (i) it obtains the prior written  
20 consent of the DNRC thereto, and (ii) no Loan Repayment is then delinquent. Any prepayment  
21 permitted by the DNRC must be accompanied by payment of accrued interest to the date of  
22 prepayment on the amount of principal prepaid. If the Series 2015 Bond is prepaid in part  
23 pursuant to this Section 5.3, such prepayments shall be applied to principal payments in inverse  
24 order of maturity.

25           Section 5.4   Obligations of Borrower Unconditional. The obligations of the Borrower  
26 to make the payments required by this Supplemental Resolution and the Series 2015 Bond and to  
27 perform its other agreements contained in the Resolution, the Series 2015 Bond and Collateral  
28 Documents shall be absolute and unconditional, except as otherwise provided herein or in such  
29 documents. The Borrower (a) shall not suspend or discontinue any payments provided for in the  
30 Resolution and the Series 2015 Bond, (b) shall perform all its other agreements in the  
31 Resolution, the Series 2015 Bond and the Collateral Documents and (c) shall not terminate the  
32 Resolution, the Series 2015 Bond or the Collateral Documents for any cause, including any acts  
33 or circumstances that may constitute failure of consideration, destruction of or damage to the  
34 Wastewater Treatment Plant Project or the System, commercial frustration of purpose, any  
35 dispute with the DNRC or the EPA, any change in the laws of the United States or of the State or  
36 any political subdivision of either or any failure of the DNRC to perform any of its agreements,  
37 whether express or implied, or any duty, liability or obligation arising from or connected with the  
38 Resolution.

39           Section 5.5   Limited Liability. All payments of principal of and interest on the 2015  
40 Loan and other payment obligations of the Borrower hereunder and under the Series 2015 Bond  
41 shall be special, limited obligations of the Borrower payable solely out of the Net Revenues, and

1 shall not, except at the option of the Borrower and as permitted by law, be payable out of any  
2 other revenues of the Borrower. The obligations of the Borrower under the Resolution and the  
3 Series 2015 Bond shall never constitute an indebtedness of the Borrower within the meaning of  
4 any state constitutional provision or statutory or charter limitation and shall never constitute or  
5 give rise to a pecuniary liability of the Borrower or a charge against its general credit or taxing  
6 power. The taxing powers of the Borrower may not be used to pay principal of or interest on the  
7 Series 2015 Bond, and no funds or property of the Borrower other than the Net Revenues may be  
8 required to be used to pay principal of or interest on the Series 2015 Bond.

9 ARTICLE VI

10 INDEMNIFICATION OF DNRC AND DEQ  
11

12 The Borrower shall, to the extent permitted by law, indemnify and save harmless the  
13 DNRC and the DEQ and their officers, employees and agents (each an "Indemnified Party" or,  
14 collectively, the "Indemnified Parties") against and from any and all claims, damages, demands,  
15 expenses, liabilities and losses of every kind asserted by or on behalf of any Person arising out of  
16 the acts or omissions of the Borrower or its employees, officers, agents, contractors,  
17 subcontractors, or consultants in connection with or with regard or in any way relating to the  
18 condition, use, possession, conduct, management, planning, design, acquisition, construction,  
19 installation or financing of the Wastewater Treatment Plant Project. The Borrower shall also, to  
20 the extent permitted by law, indemnify and save harmless the Indemnified Parties against and  
21 from all costs, reasonable attorneys' fees, expenses and liabilities incurred in any action or  
22 proceeding brought by reason of any such claim or demand. If any proceeding is brought against  
23 an Indemnified Party by reason of such claim or demand, the Borrower shall, upon notice from  
24 an Indemnified Party, defend such proceeding on behalf of the Indemnified Party.

25 ARTICLE VII

26 ASSIGNMENT  
27

28 Section 7.1 Assignment by Borrower. The Borrower may not assign its rights and  
29 obligations under the Resolution or the Series 2015 Bond.

30 Section 7.2 Assignment by DNRC. The DNRC will pledge its rights under and  
31 interest in the Resolution, the Series 2015 Bond and the Collateral Documents (except to the  
32 extent otherwise provided in the Indenture) as security for the payment of the State Bonds and  
33 may further assign such interests to the extent permitted by the Indenture, without the consent of  
34 the Borrower.

35 Section 7.3 State Refunding Bonds. In the event the State Bonds and Additional State  
36 Bonds are refunded by bonds which are not Additional State Bonds, all references in the  
37 Resolution to State Bonds and Additional State Bonds shall be deemed to refer to the refunding  
38 bonds and any bonds of the State on a parity with such refunding bonds (together, the  
39 "Refunding Bonds") or, in the case of a crossover refunding, to the State Bonds and Additional  
40 State Bonds and the Refunding Bonds. In the event the State Bonds are refunded by an issue of  
41 Additional State Bonds, all references in the Resolution to the State Bonds shall be deemed to

1 refer to such Additional State Bonds or, in the case of a crossover refunding, both the State  
2 Bonds and such Additional State Bonds.

3 ARTICLE VIII

4  
5 THE SERIES 2015 BOND

6 Section 8.1 Net Revenues Available. The Borrower is authorized to charge just and  
7 equitable rates, charges and rentals for all services directly or indirectly furnished by the System,  
8 and to pledge and appropriate to the Series 2015 Bond the Net Revenues to be derived from the  
9 operation of the System, including improvements, betterments or extensions thereof hereafter  
10 constructed or acquired. The Net Revenues to be produced by such rates, charges and rentals  
11 during the term of the Series 2014 Bond and the Series 2015 Bond are expected to be more than  
12 sufficient to pay the principal and interest when due on such Bonds, and to create and maintain  
13 reasonable reserves therefor and to provide an adequate allowance for replacement and  
14 depreciation, as prescribed herein.

15 Section 8.2 Issuance and Sale of the Series 2015 Bond. The Council has investigated  
16 the facts necessary and hereby finds, determines and declares it to be necessary and desirable for  
17 the Borrower to issue the Series 2015 Bond to evidence the 2015 Loan. The Series 2015 Bond is  
18 issued to the DNRC without public sale pursuant to Montana Code Annotated, Section 7-7-  
19 4433(2)(a).

20 Section 8.3 Terms. The Series 2015 Bond shall be issued in the maximum principal  
21 amount equal to the original 2015 Committed Amount, shall be issued as a single, fully  
22 registered bond numbered R-1, shall be dated as of the date of delivery to the DNRC, and shall  
23 bear interest at the rate charged by the DNRC on the 2015 Loan. The principal of and interest on  
24 the Series 2015 Bond shall be payable on the same dates and in the same amounts on which  
25 principal and interest of the Loan Repayments are payable. Advances of principal of the Series  
26 2015 Bond shall be deemed made when advances of the 2015 Loan are made under Section 4.1,  
27 and such advances shall be payable in accordance with Schedule B to the Series 2015 Bond, as it  
28 may be revised by the DNRC from time to time in accordance with Section 5.1.

29 The Borrower may prepay the Series 2015 Bond, in whole or in part, only upon the terms  
30 and conditions under which it can prepay the 2015 Loan under Section 5.3.

31 Section 8.4 Negotiability, Transfer and Registration. The Series 2015 Bond shall be  
32 fully registered as to both principal and interest, and shall be initially registered in the name of  
33 and payable to the DNRC. While so registered, principal of and interest on the Series 2015 Bond  
34 shall be payable to the DNRC at the Office of the Department of Natural Resources and  
35 Conservation, 1625 Eleventh Avenue, Helena, Montana 59620-1601 or such other place as may  
36 be designated by the DNRC in writing and delivered to the Borrower. The Series 2015 Bond  
37 shall be negotiable, subject to the provisions for registration and transfer contained in this  
38 Section. No transfer of the Series 2015 Bond shall be valid unless and until (1) the holder, or his  
39 duly authorized attorney or legal representative, has executed the form of assignment appearing  
40 on the Series 2015 Bond, and (2) the Butte-Silver Bow Treasurer of the Borrower (or successors,  
41 the "Registrar"), as Bond Registrar, has duly noted the transfer on the Series 2015 Bond and



1 maintain the balance in an amount equal, as of the date of calculation, to the Reserve  
2 Requirement. The Borrower shall keep, perform and observe each and every one of its  
3 covenants and undertakings set forth in the Resolution for the benefit of the registered owners  
4 from time to time of the Series 2014 Bond and the Series 2015 Bond.

5 ARTICLE X

6 TAX MATTERS  
7

8 Section 10.1 Use of Wastewater Treatment Plant Project. The Wastewater Treatment  
9 Plant Project will be owned and operated by the Borrower and available for use by members of  
10 the general public on a substantially equal basis. The Borrower shall not enter into any lease, use  
11 or other agreement with any non-governmental person relating to the use of the Wastewater  
12 Treatment Plant Project or the System or security for the payment of the Series 2015 Bond which  
13 might cause the Series 2015 Bond to be considered a “private activity bond” or “private loan  
14 bond” within the meaning of Section 141 of the Code.

15 Section 10.2 General Covenant. The Borrower covenants and agrees with the owners  
16 from time to time of the Series 2015 Bond that it will not take or permit to be taken by any of its  
17 officers, employees or agents any action which would cause the interest on the Series 2015 Bond  
18 to become includable in gross income for federal income tax purposes under the Code and the  
19 Regulations, and covenants to take any and all actions within its powers to ensure that the  
20 interest on the Series 2015 Bond will not become includable in gross income for federal income  
21 tax purposes under the Code and the Regulations.

22 Section 10.3 Arbitrage Certification. The Chief Executive Officer and Clerk and  
23 Recorder, being the officers of the Borrower charged with the responsibility for issuing the  
24 Series 2015 Bond pursuant to this Supplemental Resolution, are authorized and directed to  
25 execute and deliver to the DNRC a certificate in accordance with the provisions of Section 148  
26 of the Code, and Section 1.148-2(b) of the Regulations, stating that on the basis of facts,  
27 estimates and circumstances in existence on the date of issue and delivery of the Series 2015  
28 Bond, it is reasonably expected that the proceeds of the Series 2015 Bond will be used in a  
29 manner that would not cause the Series 2015 Bond to be an “arbitrage bond” within the meaning  
30 of Section 148 of the Code and the Regulations.

31 Section 10.4 Arbitrage Rebate Covenant. The Borrower acknowledges that the Series  
32 2015 Bond is subject to the rebate requirements of Section 148(f) of the Code. The Borrower  
33 covenants and agrees to retain such records, make such determinations, file such reports and  
34 documents and pay such amounts at such times as are required under said Section 148(f) and  
35 applicable Treasury Regulations to preserve the exclusion of interest on the Series 2015 Bond  
36 from gross income for federal income tax purposes, unless the Series 2015 Bond qualifies for the  
37 exception from the rebate requirement under the Code and no “gross proceeds” of the Series  
38 2015 Bond (other than amounts constituting a “bona fide debt service fund”) arise during or after  
39 the expenditure of the original proceeds thereof. In furtherance of the foregoing, the Chief  
40 Executive Officer and Clerk and Recorder are hereby authorized and directed to execute a  
41 Rebate Certificate, substantially in the form to be prepared by Bond Counsel, and the Borrower

1 hereby covenants and agrees to observe and perform the covenants and agreements contained  
2 therein, unless amended or terminated in accordance with the provisions thereof.

3 Section 10.5 Information Reporting. The Borrower shall file with the Secretary of the  
4 Treasury, not later than August 15, 2015, a statement concerning the Series 2015 Bond  
5 containing the information required by Section 149(e) of the Code.

6 ARTICLE XI

7  
8 CONTINUING DISCLOSURE

9 The Borrower understands and acknowledges that the DNRC is acquiring the Series 2015  
10 Bond under the Program pursuant to which the State issues from time to time State Bonds to  
11 provide funds therefor. The Borrower covenants and agrees that, upon written request of the  
12 DNRC from time to time, the Borrower will promptly provide to the DNRC all information that  
13 the DNRC reasonably determines to be necessary or appropriate to offer and sell State Bonds or  
14 to provide continuing disclosure in respect of State Bonds, whether under Rule 15c2-12 (17  
15 C.F.R. § 240.15c2-12) promulgated by the Securities and Exchange Commission under the  
16 Securities Exchange Act of 1934, as amended, or otherwise. Such information shall include,  
17 among other things and if so requested, financial statements of the Borrower prepared in  
18 accordance with generally accepted accounting principles promulgated by the Financial  
19 Accounting Standards Board as modified in accordance with the governmental accounting  
20 standards promulgated by the Governmental Accounting Standards Board or as otherwise  
21 provided under Montana law, as in effect from time to time (such financial statements to relate to  
22 a fiscal year or any period therein for which they are customarily prepared by the Borrower, and,  
23 if for a fiscal year and so requested by the DNRC, subject to an audit report and opinion of an  
24 accountant or government auditor, as permitted or required by the laws of the State). The  
25 Borrower will also provide, with any information so furnished to the DNRC, a certificate of the  
26 Chief Executive and the Treasurer of the Borrower to the effect that, to the best of their  
27 knowledge, such information does not include any untrue statement of a material fact or omit to  
28 state any material fact required to be stated therein to make the statements made, in light of the  
29 circumstances under which they are made, not misleading.

30 ARTICLE XII

31 MISCELLANEOUS

32 Section 12.1 Notices. All notices or other communications hereunder shall be  
33 sufficiently sent or given and shall be deemed sent or given when delivered or mailed by  
34 certified mail, postage prepaid, to the parties at the following addresses:

35 DNRC: Department of Natural Resources and Conservation  
36 1625 Eleventh Avenue  
37 P. O. Box 201601  
38 Helena, Montana 59620-1601  
39 Attn: Conservation and Resource  
40 Development Division

1 Trustee: U.S. Bank National Association  
2 c/o Corporate Trust Services  
3 1420 Fifth Avenue, 7<sup>th</sup> Floor  
4 Seattle, Washington 98101

5 Borrower: City-County of Butte-Silver Bow  
6 155 West Granite Street  
7 Butte, Montana 59701  
8 Attention: Treasurer  
9

10 Any of the above parties may, by notice in writing given to the others, designate any  
11 further or different addresses to which subsequent notices or other communications shall be sent.

12 Section 12.2 Binding Effect. This Supplemental Resolution shall inure to the benefit of  
13 and shall be binding upon the DNRC, the Borrower and their respective successors and assigns.

14 Section 12.3 Severability. If any provision of this Supplemental Resolution shall be  
15 determined to be unenforceable at any time, it shall not affect any other provision of the  
16 Resolution or the enforceability of that provision at any other time.

17 Section 12.4 Amendments. This Supplemental Resolution may not be effectively  
18 amended without the written consent of the DNRC.

19 Section 12.5 Applicable Law. This Supplemental Resolution shall be governed by and  
20 construed in accordance with the internal laws of the State.

21 Section 12.6 Captions; References to Sections. The captions in this Supplemental  
22 Resolution are for convenience only and do not define or limit the scope or intent of any  
23 provisions or Sections of this Supplemental Resolution.

24 Section 12.7 No Liability of Individual Officers, Directors or Trustees. No recourse  
25 under or upon any obligation, covenant or agreement contained in this Supplemental Resolution  
26 shall be had against any director, officer or employee, as such, past, present or future, of the  
27 DNRC, the DEQ or the Trustee, either directly or through the DNRC, the DEQ or the Trustee, or  
28 against any officer, or member of the governing body or employee of the Borrower, past, present  
29 or future, as an individual so long as such individual was acting in good faith. Any and all  
30 personal liability of every nature, whether at common law or in equity, or by statute or by  
31 constitution or otherwise, of any such officer or member of the governing body or employee of  
32 the DNRC, the Trustee or the Borrower is hereby expressly waived and released by the Borrower  
33 and by the DNRC as a condition of and in consideration for the adoption of this Supplemental  
34 Resolution and the making of the Loan.

35 Section 12.8 Payments Due on Holidays. If the date for making any payment or the last  
36 date for performance of any act or the exercise of any right, as provided in this Supplemental  
37 Resolution or the Series 2015 Bond, shall not be Business Day, such payments may be made or  
38 act performed or right exercised on the next succeeding Business Day with the same force and

1 effect as if done on the nominal date provided in this Supplemental Resolution or the Series 2015  
2 Bond.

3 Section 12.9 Right of Others To Perform Borrower's Covenants. In the event the  
4 Borrower shall fail to make any payment or perform any act required to be performed hereunder,  
5 then and in each such case the DNRC or the provider of any Collateral Document may (but shall  
6 not be obligated to) remedy such default for the account of the Borrower and make advances for  
7 that purpose. No such performance or advance shall operate to release the Borrower from any  
8 such default and any sums so advanced by the DNRC or the provider of any Collateral  
9 Document shall be paid immediately to the party making such advance and shall bear interest at  
10 the rate of ten percent (10.00%) per annum from the date of the advance until repaid. The  
11 DNRC and the provider of any Collateral Document shall have the right to enter the Wastewater  
12 Treatment Plant Project or the facility or facilities of which the Wastewater Treatment Plant  
13 Project is a part or any other facility which is a part of the System in order to effectuate the  
14 purposes of this Section.

15 Section 12.10 Authentication of Transcript. The officers of the Borrower are hereby  
16 authorized and directed to furnish to the DNRC and to Bond Counsel certified copies of all  
17 proceedings relating to the issuance of the Series 2015 Bond and such other certificates and  
18 affidavits as may be required to show the right, power and authority of the Borrower to issue the  
19 Series 2015 Bond, and all statements contained in and shown by such instruments, including any  
20 heretofore furnished, shall constitute representations of the Borrower as to the truth of the  
21 statements of fact purported to be shown thereby.

22 [Balance of page intentionally left blank]

23

1 Section 12.11 Effective Date. This Supplemental Resolution shall take effect  
2 immediately.

3 PASSED this 6th day of May, 2015.  
4  
5

6  
7 \_\_\_\_\_  
8 CINDI SHAW  
CHAIR OF THE COUNCIL OF COMMISSIONERS

9 APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2015.  
10  
11

12  
13 \_\_\_\_\_  
14 MATT VINCENT  
CHIEF EXECUTIVE

15 ATTEST:

16 SALLY J. HOLLIS  
17 CLERK & RECORDER  
18

19  
20 \_\_\_\_\_  
21 BY \_\_\_\_\_  
22 ITS \_\_\_\_\_

23 APPROVED AS TO FORM:  
24

25 \_\_\_\_\_  
26 EILEEN JOYCE  
27 COUNTY ATTORNEY  
28

29 \_\_\_\_\_  
30 WILLIAM O. ANDERSEN  
31 CHAIRMAN, JUDICIARY COMMITTEE

1 APPENDIX A

2 DESCRIPTION OF THE WASTEWATER TREATMENT PLANT PROJECT

3 The Borrower's wastewater treatment plant project consists of designing, engineering and  
 4 constructing improvements to the Borrower's wastewater treatment facility, including biological and  
 5 chemical nutrient removal upgrades, construction of a fine screening building; converting a secondary  
 6 clarifier to a flow equalization facility; aeration system improvements; construction of chemical  
 7 support facilities, return and waste activated sludge improvements; electrical and SCADA additions  
 8 and modifications; new non-potable water pumping facilities; new administration building; new  
 9 septage receiving station, and related improvements.

10  
 11 Estimated Wastewater Treatment Plant Project Budget

	Source: Local	Source: MT Pole Fund	Source: Series 2014 Bond \$10,000,000 @ 2.5%	Source: Series 2015 Bond \$10,000,000 @ 2.5%	Source: Series 2016 Bond \$10,268,000 @ 2.5%	Total:
Debt Service Reserve			270,563.00	270,538.00	277,418.00	818,519.00
Bond Counsel	50,000.00	-	-	-	-	50,000.00
Construction Engr. Services		-	1,000,000.00	1,000,000.00	960,000.00	2,960,000.00
Construction		4,360,000.00	8,729,437.00	8,729,462.00	8,381,101.00	30,200,000.00
Contingency			-	-	649,481.00	649,481.00
<b>TOTAL COSTS</b>	<b>50,000.00</b>	<b>4,360,000.00</b>	<b>10,000,000.00</b>	<b>10,000,000.00</b>	<b>10,268,000.00</b>	<b>34,678,000.00</b>

1 APPENDIX B

2 [Form of the Series 2015 Bond]

3 UNITED STATES OF AMERICA  
4 STATE OF MONTANA  
5 COUNTY OF SILVER BOW

6 CITY-COUNTY OF BUTTE-SILVER BOW

7 SEWER SYSTEM REVENUE BOND  
8 (DNRC WATER POLLUTION CONTROL STATE REVOLVING LOAN PROGRAM)  
9 SERIES 2015

10 R-1 \$10,000,000

11 FOR VALUE RECEIVED, the City-County of Butte-Silver Bow, Montana (the  
12 "Borrower"), a duly organized municipal corporation and political subdivision of the State of  
13 Montana, acknowledges itself to be specially indebted and, for value received, hereby promises  
14 to pay to the Department of Natural Resources and Conservation of the State of Montana (the  
15 "DNRC"), or its registered assigns, solely from the Revenue Bond Account of its Sewer System  
16 Fund, the principal sum equal to the sum of the amounts entered on Schedule A attached hereto  
17 under "Total Amount Advanced," with interest on each such amount from the date such amount  
18 is advanced hereunder at the rate of 2.50% per annum on the unpaid balance until paid. Interest  
19 shall be payable in semiannual installments payable on each January 1 and July 1 (each a "Loan  
20 Repayment Date") commencing on the date first set forth in the column headed "Date" on  
21 Schedule B attached hereto. Principal shall be payable on the dates set forth in Schedule B  
22 hereto. Each installment shall be in the amount set forth opposite its due date in Schedule B  
23 attached hereto under "Total Loan Payment." The portion of each such payment consisting of  
24 principal and the portion consisting of interest shall be as set forth in Schedule B hereto. Upon  
25 each disbursement of 2015 Loan amounts to the Borrower pursuant to the Resolution described  
26 below, the DNRC shall enter (or cause to be entered) the amount advanced on Schedule A under  
27 "Advances" and the total amount advanced under the Resolution (as hereinafter defined),  
28 including such disbursement, under "Total Amount Advanced." The DNRC shall prepare  
29 Schedule B and any revised Schedule B, or cause Schedule B and any revised Schedule B to be  
30 prepared, as provided in Section 5.1 of the Resolution. Schedule B shall be calculated and  
31 recalculated on a substantially level debt service basis with an interest rate of 2.50% per annum.  
32 Past-due payments of principal and interest shall bear interest at the rate of ten percent (10.00%)  
33 per annum, until paid. Interest shall be calculated on the basis of a 360-day year comprising 12  
34 months of 30 days each. All payments under this Bond shall be made to the registered holder of  
35 this Bond, at its address as it appears on the Bond register, in lawful money of the United States  
36 of America.

37 This Bond is one of an issue of Sewer System Revenue Bonds of the Borrower  
38 authorized to be issued in one or more series from time to time, and constitutes a series in the

1 maximum authorized principal amount of \$10,000,000 (the "Series 2015 Bond"). The Series  
2 2015 Bond is issued to finance a portion of the costs of the construction of certain improvements  
3 to the sewer system of the Borrower (the "System") and to pay costs of issuance of the Series  
4 2015 Bond. The Series 2015 Bond is issued pursuant to and in full conformity with the  
5 Constitution and laws of the State of Montana thereunto enabling, including Montana Code  
6 Annotated, Title 7, Chapter 7, Part 44, as amended, and ordinances and resolutions duly adopted  
7 by the governing body of the Borrower, including Resolution No. 14-32 of the Borrower adopted  
8 on September 17, 2014, as amended and supplemented by Resolution No. 15-9, adopted on May  
9 6, 2015 (as so supplemented, the "Resolution"). Terms used with initial capital letters but not  
10 defined herein have the meanings given them in the Resolution. The Series 2015 Bond is  
11 issuable only as a single, fully registered bond. The Series 2015 Bond is issued on a parity with  
12 the Borrower's \$10,000,000 Sewer System Revenue Bond (DNRC Water Pollution Control State  
13 Revolving Loan Program) Series 2014 (the "Series 2014 Bond").

14 Reference is made to the Resolution for a more complete statement of the terms  
15 and conditions upon which the Series 2015 Bond has been issued, the Net Revenues of the  
16 System pledged and appropriated for the payment and security thereof, the conditions upon  
17 which additional bonds may be issued under the Resolution and made payable from such Net  
18 Revenues on a parity with the Series 2014 Bond and the Series 2015 Bond (collectively, the  
19 "Bonds") or otherwise, the conditions upon which the Resolution may be amended, the rights,  
20 duties and obligations of the Borrower, and the rights of the owners of the Series 2015 Bond.

21 The Borrower may prepay the principal of the Series 2015 Bond only if (i) it  
22 obtains the prior written consent of the DNRC thereto, and (ii) no Loan Repayment is then  
23 delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of  
24 accrued interest to the date of prepayment on the amount of principal prepaid. If the Series 2015  
25 Bond is prepaid in part, such prepayments shall be applied to principal payments in inverse order  
26 of maturity.

27 The Series 2015 Bond, including interest and any premium for the redemption  
28 thereof, are payable solely from the Net Revenues pledged for the payment thereof and do not  
29 constitute a debt of the Borrower within the meaning of any constitutional or statutory limitation  
30 or provision.

31 The Borrower may deem and treat the person in whose name this Series 2015  
32 Bond is registered as the absolute owner hereof, whether this Series 2015 Bond is overdue or not,  
33 for the purpose of receiving payment and for all other purposes, and the Borrower shall not be  
34 affected by any notice to the contrary. The Series 2015 Bond may be transferred as hereinafter  
35 provided.

36 IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that  
37 the Borrower will forthwith construct and complete the improvements to the System hereinabove  
38 described; that it will prescribe and collect reasonable rates and charges for all services and  
39 facilities afforded by the System, including all additions thereto and replacements and  
40 improvements thereof, and has created a special Sewer System Fund into which the gross  
41 revenues of the System will be paid, and a separate and special Revenue Bond Account in that

1 Fund, into which will be paid each month, from and as a first and prior lien on the Net Revenues  
2 of the System then on hand, an amount equal to not less than the sum of one-sixth of the interest  
3 to become due within the next six months and one-twelfth of the principal to become due within  
4 the next twelve months with respect to all Bonds payable from that Account; that the Borrower  
5 has created a Reserve Account in such fund into which shall be paid additional Net Revenues,  
6 after required credits to the Revenue Bond Account sufficient to maintain a reserve therein equal  
7 to the Reserve Requirement; that the Revenue Bond Account will be used only to pay the  
8 principal of, premium, if any, and interest on the Series 2014 Bond, the Series 2015 Bond, and  
9 any other additional Bonds issued pursuant to the Resolution on a parity therewith; that the rates  
10 and charges for the System will from time to time be made and kept sufficient, to provide gross  
11 income and revenues adequate to pay promptly the reasonable and current expenses of operating  
12 and maintaining the System and to produce in each fiscal year Net Revenues in excess of such  
13 current expenses, equal to 110% of the maximum amount of principal and interest payable from  
14 the Revenue Bond Account in any subsequent fiscal year; that additional Bonds and refunding  
15 Bonds may be issued and made payable from the Revenue Bond Account on a parity with the  
16 Series 2014 Bond, the Series 2015 Bond, and other parity Bonds, upon certain conditions set  
17 forth in the Resolution, but no obligation will be otherwise incurred and made payable from the  
18 Net Revenues of the System, unless the lien thereof shall be expressly made subordinate to the  
19 lien of the Outstanding Bonds and additional parity Bonds on such Net Revenues; that all  
20 provisions for the security of the holder of this Series 2015 Bond set forth in the Resolution will  
21 be punctually and faithfully performed as therein stipulated; that all acts, conditions and things  
22 required by the Constitution and laws of the State of Montana and the ordinances and resolutions  
23 of the Borrower to be done, to exist, to happen and to be performed in order to make this Series  
24 2015 Bond a valid and binding special obligation of the Borrower according to its terms have  
25 been done, do exist, have happened and have been performed in regular and due form, time and  
26 manner as so required; and that this Series 2015 Bond and the interest hereon are payable solely  
27 from the Net Revenues of the System pledged and appropriated to the Revenue Bond Account  
28 and do not constitute a debt of the Borrower within the meaning of any constitutional or statutory  
29 limitation or provision and the issuance of the Series 2015 Bond does not cause either the general  
30 or the special indebtedness of the Borrower to exceed any constitutional or statutory limitation.

31 IN WITNESS WHEREOF, the City-County of Butte-Silver Bow, Montana, by its  
32 governing body, has caused this Bond to be executed by the signatures of the Chief Executive  
33 and Clerk and Recorder and has caused the official seal of the City-County of Butte-Silver Bow,  
34 Montana to be affixed hereto, and has caused this Bond to be dated as of the \_\_\_\_ day of  
35 \_\_\_\_\_, 2015.

36 \_\_\_\_\_  
37 Chief Executive

38 (SEAL)

39 \_\_\_\_\_  
40 Clerk and Recorder

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 Butte-Silver Bow Treasurer as bond registrar (the "Registrar"), has duly noted the transfer on the Bond and recorded the transfer on the Registrar's registration books. The Borrower 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 Borrower's liability upon the Bond to the extent of the sum or sums so paid.

REGISTER

The ownership of the unpaid Principal Balance of this Bond and the interest accruing thereon is registered on the books of the City-County of Butte-Silver Bow, Montana in the name of the registered holder appearing on the first page hereof or as last noted below:

<u>Date of Registration</u>	<u>Name and Address of Registered Holder</u>	<u>Signature of Butte-Silver Bow Treasurer</u>
_____, 2015	<u>Department of Natural</u> <u>Resources and Conservation</u> <u>1625 Eleventh Avenue</u> <u>Helena, MT 59620</u>	_____

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

The Butte-Silver Bow Treasurer, acting as Bond Registrar, has transferred, on the books of the Borrower, 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 Transfer</u>	<u>Name of New Registered Holder</u>	<u>Signature of Bond Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

1

\_\_\_\_\_

2

**FORM OF ASSIGNMENT**

3

For value received, this Bond is hereby transferred and assigned by the undersigned holder, without recourse,

4

5

to \_\_\_\_\_ on this \_\_\_\_ day

6

of \_\_\_\_\_, \_\_\_\_\_.

7

By: \_\_\_\_\_

8

(Authorized Signature)

9

For: \_\_\_\_\_

10

(Holder)

11



1

SCHEDULE B

2

3

4

Date

Principal

Interest

Total Loan  
Payment

1

APPENDIX C

2

ADDITIONAL REPRESENTATIONS AND COVENANTS

3

None