

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the Town of Stevensville, Montana (the "Town"), hereby certify that the attached resolution is a true copy of Resolution No. 372, entitled: "RESOLUTION RELATING TO UP TO \$1,250,000 SEWER SYSTEM REVENUE BONDS, CONSISTING OF \$800,000 SERIES 201_A BOND AND \$450,000 SERIES 201_B BOND, AND A \$1,250,000 SEWER SYSTEM REVENUE BOND ANTICIPATION NOTE TO BE ISSUED IN ANTICIPATION THEREOF; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF AND THE SECURITY THEREFOR" (the "Resolution"), on file in the original records of the Town in my legal custody; that the Resolution was duly adopted by the Town Council of the Town at a regular meeting on May 14, 2015, and that the meeting was duly held by the Town Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Council Members voted in favor thereof: Jim Crews, Robin Holcomb, Tim Hunter and Bill Perrin; voted against the same: —; abstained from voting thereon: —; or were absent: —.

WITNESS my hand officially this 14th day of May, 2015.

Stacy Bartlett
Town Clerk

RESOLUTION NO. 372

RESOLUTION RELATING TO UP TO \$1,250,000 SEWER SYSTEM REVENUE BONDS, CONSISTING OF \$800,000 SERIES 201_A BOND AND \$450,000 SERIES 201_B BOND, AND A \$1,250,000 SEWER SYSTEM REVENUE BOND ANTICIPATION NOTE TO BE ISSUED IN ANTICIPATION THEREOF; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF AND THE SECURITY THEREFOR

BE IT RESOLVED by the Town Council (the "Council") of the Town of Stevensville, Montana (the "Town"), as follows:

Section 1. Definitions. Terms used with initial capital letters but not defined herein shall have the meanings given them in the Original Resolution (as hereinafter defined). The terms defined in this Section 1 shall for all purposes of this Supplemental Resolution and the Resolution have the meanings herein specified, unless the context clearly otherwise requires:

Closing Date shall mean the date of delivery of the Series 2015 Note and receipt of the first advance of principal thereof.

Commitment Letter shall mean the Amended Letter of Conditions Replacing the May 9, 2014 Letter of Conditions from USDA to the Town, dated March 9, 2015.

Consulting Engineer shall mean HDR Engineering, Inc., of Missoula, Montana.

Definitive Bonds shall mean, together, the Town's Series 201_A Bond and its Series 201_B Bond.

Loans shall mean, together, the 201_A Loan and the 201_B Loan.

Original Purchaser shall mean, with respect to any series of Obligations, the original purchaser or underwriter of such series of Obligations. The Original Purchaser of the Series 2015 Note is the Board of Investments of the State of Montana, in Helena, Montana. The Original Purchaser of the Definitive Bonds is the United States of America acting through Rural Utilities Service, United States Department of Agriculture.

Original Resolution shall mean Resolution Nos. 255, 167, 274, and 279, adopted by this Council on July 12, 1999, December 11, 2000, June 27, 2011, and November 28, 2011, respectively.

Resolution shall mean the Original Resolution as amended and supplemented by this Supplemental Resolution, as such resolution may from time to time be further amended or supplemented in accordance with its terms.

Series 2000 Bonds shall mean, collectively, the Town's \$1,250,000 Sewer System Revenue Bond, Series 2000A, and \$814,000 Sewer System Revenue Bond, Series 2000B, dated as of December 19, 2000, and issued pursuant to the Original Resolution as then in effect.

Series 2011 Bond shall mean the Town's \$780,000 Sewer System Revenue Bond, Series 2011, dated as of December 15, 2011 and issued pursuant to the Original Resolution.

Series 2015 Note shall mean the Town's Sewer System Revenue Bond Anticipation Note, Series 2015, to be issued in the maximum principal amount of \$1,250,000 in anticipation of the issuance of the Definitive Bonds pursuant to the Original Resolution as amended and supplemented by this Supplemental Resolution.

Series 201_ Bonds means the Series 201_A Bond and the Series 201_B Bond.

Series 201_A Bond shall mean the Town's Sewer System Revenue Bond, Series 201_A, to be issued in the maximum original principal amount of \$800,000, or such lesser amount as is actually loaned to the Town, pursuant to the Original Resolution, as amended and supplemented by this Supplemental Resolution and a subsequent resolution.

Series 201_B Bond shall mean the Town's Sewer System Revenue Bond, Series 201_B, to be issued in the maximum original principal amount of \$450,000, or such lesser amount as is actually loaned to the Town, pursuant to the Original Resolution, as amended and supplemented by this Supplemental Resolution and a subsequent resolution.

Supplemental Resolution shall mean any resolution supplementary or amendatory to the Resolution in accordance with the terms of the Resolution, including this Supplemental Resolution.

2015 Project shall mean the improvements to the System described in Section 2.03.

201 Loan shall mean, collectively, the 201_A Loan and the 201_B Loan.

201 A Loan shall mean the loan from the USDA to the Town in an amount not to exceed \$800,000 to provide funds to pay a portion of the costs of the 2015 Project and to pay costs of issuance.

201 B Loan shall mean the loan from the USDA to the Town in an amount not to exceed \$450,000 to provide funds to pay a portion of the costs of the 2015 Project and to pay costs of issuance.

USDA shall mean the United States of America acting through Rural Utilities Service, United States Department of Agriculture, or any successor agency under Public Law 103-354.

Section 2. Authorization and Recitals.

2.01. Authorization. Under Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as amended (the "Act"), the Town is authorized to issue and sell its revenue bonds payable during a term not exceeding forty years from their date of issue, to provide funds for the reconstruction, improvement, betterment and extension of a municipal sewer system and to issue refunding bonds to refund bonds issued for such purposes, provided that the bonds and the interest thereon are to be payable solely out of the income and revenues to be derived from rates, fees and charges for the services, facilities and commodities furnished by such sewer system, and

are not to create any obligation for the payment of which taxes may be levied except to pay for services provided by the sewer system to the Town.

2.02. Outstanding Debt. Pursuant to the Act and the Original Resolution, the Town has issued and there is outstanding its Series 2000 Bonds and its Series 2011 Bond issued to finance or refinance the costs of acquiring and constructing improvements to the System. Apart from the Series 2000 Bonds and the Series 2011 Bond, there are no other bonds or indebtedness of the Town outstanding that are payable in whole or in part from or secured by revenues of the System.

2.03. The 2015 Project. The Town with the assistance of the Consulting Engineer has determined the necessity of upgrading the sewer system of the Town (the "System") to meet certain state and federal requirements. The 2015 Project consists of the acquisition, construction and installation of various improvements to the System, including construction of a new headworks building, installing perforated plate screen and vortex grit removal tank, converting a portion of the aerobic digester to conventional biological nutrient removal, adding a sludge press, and related improvements (the "2015 Project"). The estimated costs of the 2015 Project, including engineering and financing costs, are presently estimated to be \$4,549,000, and consist of the following items:

Engineering – PER	\$ 35,000.00
Engineering – Preliminary Design	50,458.00
Engineering – Final Design	278,905.00
Engineering – Const. Admin. – Bidding	11,147.00
Engineering – Const. Admin. – Construction	124,470.00
Engineering – Inspection – RPR	100,258.00
Engineering – Const. Admin. – Post Construction	38,764.00
Construction	3,519,850.00
Contingency	352,148.00
Office Costs	1,000.00
Audit Costs	6,000.00
Legal Services	1,000.00
Bond Counsel	20,000.00
Interim Interest	10,000.00
<u>TOTAL</u>	<u>\$4,549,000.00</u>

Costs of the 2015 Project in excess of proceeds of the Series 2015 Note available for payment of costs of the 2015 Project are expected to be paid from grants from the USDA in the total amount of \$2,155,000, a Treasure State Endowment Program grant in the amount of \$750,000, a Treasure State Endowment Program planning grant in the amount of \$15,000, a Department of Natural Resources and Conservation Renewable Resource grant in the amount of \$100,000, and funds that the Town has on hand in the amount of \$279,000.

2.04. Additional Bonds. The Town has reserved the right under Section 5 of the Original Resolution, as amended, to issue Additional Bonds on a parity with other then Outstanding Bonds for the purpose of financing a Project or refunding Outstanding Bonds, which Additional

Bonds may be made payable from and secured by the Net Revenues to be derived from the operation of the System, upon compliance with the provisions of said Section.

To satisfy Section 5.01 of the Original Resolution, as amended, this Council hereby authorizes the Mayor, the Town Treasurer, and Town Clerk to sign a certificate stating that the Town is not in default under the Original Resolution and the Town has provided for increasing the balance in the Reserve Account to the Reserve Requirement with respect to the Series 2000 Bonds, the Series 2011 Bond, and the Definitive Bonds and to increase such other balances in accordance with the Resolution. In addition, the United States of America is the Holder of the Series 2000 Bonds and the Series 2011 Bond, so its consent to the issuance of the Series 2015 Note and Definitive Bonds is deemed given by purchase of the Definitive Bonds. Finally, the Town has directed the Consulting Engineer to deliver an appropriate certificate under Section 5.01(E) of the Original Resolution. This Council hereby finds and determines that the conditions set forth in Section 5.01 can be satisfied so that the Definitive Bonds may be issued as Additional Bonds under the Original Resolution.

2.05. Net Revenues Available. The Town is authorized to charge just and equitable rates, charges and rentals for all services directly or indirectly furnished by the System, and to pledge and appropriate to the Series 2000 Bonds, the Series 2011 Bond, the Series 2015 Note, and the Definitive Bonds herein authorized the Net Revenues to be derived from the operation of the System, including improvements, betterments or extensions thereof hereafter constructed or acquired. The Net Revenues to be produced by such rates, charges and rentals during the term of the Series 2000 Bonds, the Series 2011 Bond, and the Definitive Bonds will be more than sufficient each fiscal year to pay the principal and interest when due on the Series 2000 Bonds, the Series 2011 Bond, and the Definitive Bonds, and to create and maintain reasonable reserves therefor and to provide an allowance for replacement and depreciation, as prescribed by the Original Resolution as amended by this Supplemental Resolution.

2.06. Sale and Authorization of Series 2015 Note. In anticipation of the receipt of the proceeds of the Loan and the issuance and delivery of the Definitive Bonds, and in order to provide funds during construction of the 2015 Project to pay the costs thereof, it is necessary that the Town provide for the issuance and sale of the Series 2015 Note under and pursuant to Section 7-7-109 of the Act. The Town has received an offer from the Board of Investments of the State of Montana, in Helena, Montana (the Original Purchaser thereof), to purchase the Series 2015 Note at a price of up to \$1,250,000, upon the further terms and conditions herein set forth. The terms and conditions of the offer are reasonable and advantageous to the Town and are hereby accepted. The Town is authorized and shall proceed to issue and deliver the Series 2015 Note in the form and upon the terms and conditions provided in this Resolution.

2.07. Authorization of the Series 201_ Bonds. Pursuant to the authority recited in Section 2.01 and for the purpose of paying and redeeming the Series 2015 Note and financing a portion of the cost of the 2015 Project, this Council hereby authorizes the issuance of the Series 201_ Bonds. The USDA has agreed, subject to the terms and conditions of the Commitment Letter, to lend the Town up to \$800,000 with respect to the Series 201_A Bond and \$450,000 with respect to the Series 201_B Bond to finance a portion of the costs of the 2015 Project. The terms and conditions of the 201_A Loan and the 201_B Loan, as set forth in the Commitment Letter, are reasonable and advantageous to the Town and are hereby accepted. The Town has

adopted Loan Resolutions on May 15, 2014 and March 12, 2015, and Letters of Intent To Meet Conditions, dated May 9, 2014 and March 9, 2015, pursuant to which the Town has agreed to issue its Series 201_ Bonds, in the maximum aggregate principal amount of up to \$1,250,000, in accordance with the provisions of this Supplemental Resolution and the Commitment Letter.

It is hereby found and determined to be necessary and expedient for the Town to issue and sell to the USDA, pursuant to Montana Code Annotated, Section 7-7-4433, the Series 201_ Bonds, to be designated as (i) "Sewer System Revenue Bond, Series 201_A" (the series designation to be completed with the calendar year in which the Series 201_A Bond is issued) in the maximum principal amount of \$800,000, at a price equal to its principal amount, upon satisfaction of the conditions precedent to the 201_A Loan, and (ii) "Sewer System Revenue Bond, Series 201_B" (the series designation to be completed with the calendar year in which the Series 201_B Bond is issued) in the maximum principal amount of \$450,000, at a price equal to its principal amount, upon satisfaction of the conditions precedent to the 201_B Loan.

2.08. Recitals. All acts, conditions and things required by the Constitution and laws of the State of Montana to be done, to exist, to happen and to be performed prior to the issuance of the Series 2015 Note have been done, do exist, have happened, and have been performed in due time, form and manner, wherefore it is now necessary for this Council to establish the form and terms of the Series 2015 Note and the Definitive Bonds, to provide for the security thereof and to provide for the delivery of the Series 2015 Note and to issue the Definitive Bonds.

Section 3. The Series 2015 Note.

3.01. General Terms. The Town shall forthwith issue the Series 2015 Note in the maximum principal amount of \$1,250,000. The Series 2015 Note is issued as an Additional Note under Section 5.02 of the Original Resolution. The Series 2015 Note shall be dated as of the date of its delivery. Upon each disbursement of the Series 2015 Note proceeds, the Board of Investments of the State of Montana shall enter the amount advanced on Schedule A attached to the Series 2015 Note under "Advances" and the total amount advanced under the Resolution, including such disbursement, under "Total Amount Advanced." The Series 2015 Note shall be lettered and numbered R-1 and shall mature, subject to redemption as herein provided, on August 15, 2016 (the "Stated Maturity"), and shall bear interest on the principal amount thereof at the rate per annum equal to the Variable Rate (as hereinafter defined), as such may be adjusted from time to time as hereinafter provided. Interest shall be computed on the basis of the actual number of days in the year and the actual number of days the Series 2015 Note is outstanding. Principal and interest shall be payable on its Stated Maturity or upon earlier redemption of the Series 2015 Note.

Principal of the Series 2015 Note from time to time outstanding shall bear interest from the date of issuance thereof, as provided above in this Section 3.01 of this Supplemental Resolution, until paid at the Variable Rate, as such may be adjusted from time to time as hereinafter provided. Until the initial Adjustment Date (as hereafter defined), the Variable Rate shall be one and one-quarter percent (1.25%) per annum. Thereafter, for the Adjustment Period (as hereafter defined), the Variable Rate shall be the rate per annum equal to the interest rate then borne by the Board of Investment's Annual Adjustable Rate Tender Option, Municipal Finance Consolidation Act Bonds (INTERCAP Revolving Program), plus up to one and one-half percent

(1.50%) per annum, as certified by the Board of Investments as of the Adjustment Date, but in no event to exceed fifteen percent (15.00%) per annum. If for any reason the interest rate cannot be established as so provided or is held invalid or unenforceable by a court of law, the interest rate for the Series 2015 Note for the Adjustment Period shall be a rate equal to the largest integral multiple of five hundredths of one percent (0.05%) that is equal to or less than eighty percent (80%) of the average yield, evaluated at par, of United States Treasury obligations with a stated or remaining maturity of one year, as reported in *The Wall Street Journal* (Des Moines Edition) (or, if such paper is no longer published or fails to report such information, in any other financial periodical selected by the U.S. Bank National Association, of Seattle, Washington, and reasonably acceptable to the Holders of the Series 2015 Note) on the Adjustment Date or, if the Adjustment Date is not a Business Day, the next preceding Business Day, but in no event to exceed fifteen percent (15.00%) per annum. As used herein, "Adjustment Date" means each February 16 and "Adjustment Period" means the period beginning on an Adjustment Date and ending on the day before the next succeeding Adjustment Date or the final Stated Maturity of the Series 2015 Note, whichever is earlier; provided that if the Series 2015 Note is not paid at its final Stated Maturity, the final Adjustment Period with respect to the Series 2015 Note shall extend until it is paid or provision has been duly made for its payment.

3.02. Registration. The Series 2015 Note shall be fully registered as to both principal and interest and shall initially be registered in the name of and payable to the Original Purchaser thereof. The Town Treasurer shall act as Note Registrar and as such shall establish and maintain a Note Register for the purpose of recording the names and addresses of the registered owners of the Series 2015 Note and the date of registration of any transfer.

3.03. Redemption. The Series 2015 Note shall be subject to redemption in whole but not in part, on any date, at the principal amount thereof plus accrued interest, without premium. Not less than 15 days before the date specified for redemption thereof, the Town Treasurer shall mail notice of the redemption to the registered owner thereof at the address as it appears on the registration books of the Note Registrar.

3.04. Form of Series 2015 Note. The Series 2015 Note shall be prepared in substantially the form attached as Exhibit A to this Supplemental Resolution, which is hereby incorporated herein and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by this Supplemental Resolution.

3.05. Assignment. The Series 2015 Note shall be transferable by the registered owner or attorney duly authorized in writing upon presentation thereof to the Town Treasurer together with a written instrument of transfer satisfactory to the Town Treasurer duly executed by the registered owner or its attorney. Such transfer shall be noted on the Series 2015 Note. Upon request of the registered owner or transferee, the Town shall execute and deliver another Series 2015 Note of a principal amount equal to the outstanding principal amount of the Series 2015 Note and maturing at the same time as the Series 2015 Note so transferred, and the Series 2015 Note so surrendered for transfer shall be promptly cancelled by the Town Treasurer. No service charge shall be made for such transfer, but the Town may require payment of a sum sufficient to cover any tax, fee or governmental charge or other expense incurred by the Town with respect to such transfer. Until and unless otherwise provided by resolution of this Council, the following shall be a sufficient written instrument of transfer within the meaning of this Section 3.05:

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto: _____ the Sewer System Revenue Bond Anticipation Note, Series 2015, No. R-_, of the Town of Stevensville, Montana, and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Registered Owner

3.06. Preparation, Execution and Delivery of Series 2015 Note. The Series 2015 Note shall be issued and delivered to the Original Purchaser thereof upon payment of the purchase price thereof. The Series 2015 Note shall be prepared under the direction of the Town Clerk and when so prepared shall be executed on behalf of the Town by the Mayor, the Town Treasurer, and the Town Clerk, and sealed with the corporate seal of the Town. When the Note has been so executed, it shall be delivered by the Town Clerk to the Original Purchaser thereof, and the Original Purchaser shall not be required to see to the application thereof.

3.07. The Loan. The Town will observe and perform all of its obligations and duties under and do all acts and things as may be necessary or appropriate to satisfy the terms and conditions of the Commitment Letter, and all other regulations and requirements of the USDA relating to the Loan and the receipt of the proceeds therefrom to the end that the Loan may be closed and the Definitive Bonds issued and delivered in evidence thereof on or before the maturity of the Series 2015 Note.

3.08. Issuance of Definitive Bonds. Interest on the Series 2015 Note shall be payable from and secured by the Net Revenues available in the Note Account. The payment of principal of the Series 2015 Note and interest thereon is payable from proceeds to be received upon the sale and issuance of up to \$1,250,000 principal amount of the Definitive Bonds authorized by Sections 4 and 5 of this Supplemental Resolution and to be issued and sold by the Town prior to the maturity of the Note to provide funds to be used, with other available funds of the Town, to refund the principal amount thereof then outstanding and interest accrued thereon to the date of redemption.

The Town hereby covenants and agrees for the benefit from time to time of the owners of the Series 2015 Note that on or before August 15, 2016, it will authorize, issue and offer for sale and use its best efforts to sell the Definitive Bonds or other Additional Bonds to refund the Series 2015 Note at its stated maturity. In the event the Town is unable to sell the Definitive Bonds herein authorized or such Additional Bonds, the Holders of the Series 2015 Note shall be entitled, at their option, to exchange the Series 2015 Note for one or more Definitive Bonds amortized in semiannual installments over a ten-year period or fifteen-year period (at the election of the Holders of the Series 2015 Note) and bearing interest at a rate equal to the Variable Rate as defined in Section 3.01 of this Resolution on a par-for-par basis, and the Town covenants and

agrees to increase the rates and charges of the System, if necessary, to comply with Section 6.09, as amended hereby, within 18 months after the date of issuance thereof.

3.09. Increase in Rates and Charges. It is expressly understood that the Definitive Bonds will be payable from and secured by the Net Revenues of the System. The Town hereby covenants and agrees with the Holder of the Series 2015 Note that the Town has increased the rates, charges and rentals for all services directly or indirectly furnished by the System, effective as of July 1, 2014, such that such rates, charges and rentals are reasonable and expected to be sufficient to produce Net Revenues of the System in each Fiscal Year, commencing with the Fiscal Year ending June 30, 2015, not less than 110% of the maximum Principal and Interest Requirements on the Bonds.

3.10. Application of Proceeds. All of the proceeds of the Series 2015 Note shall be deposited in the Construction Account established in and pursuant to Section 6.02 of the Original Resolution and used solely to defray expenses of the 2015 Project, and costs of issuance or to the transfer to the Note Account, created pursuant to Section 6.09 of the Original Resolution, as amended, to the extent necessary, of amounts sufficient for the payment of interest and principal due upon the Series 2015 Note.

Section 4. The Series 201_A Bond.

4.01. Date, Maturity and Interest. The Series 201_A Bond to be issued and sold pursuant to this Supplemental Resolution shall be designated a Sewer System Revenue Bond, Series 201_A, shall be in the maximum principal amount of \$800,000, shall be one in number, shall be dated as of the date of delivery to the USDA in exchange for payment therefor by the USDA, and shall bear interest at the rate of two and one-half percent (2.50%) per annum. Interest shall be computed on the basis of a 365-day year based on the actual number of days elapsed. Assuming the full principal amount of the Series 201_A Bond is advanced, principal of and interest on the Series 201_A Bond shall be payable in equal amortized monthly installments of \$2,640 commencing on the same date as the date of issuance of the Series 201_A Bond in the calendar month next succeeding the calendar month containing such date of issuance, but no later than the 28th day of the month, the final installment being due and payable not later than forty (40) years from the date of the Series 201_A Bond. The final payment will be in such lesser or greater amount as is necessary to pay the balance of principal and interest then remaining due. Such installment payments shall be made to the registered holder of the Series 201_A Bond, at its address as it appears on the Bond Register on the date such principal and interest are payable, or as otherwise provided in Section 4.02, in lawful money of the United States of America.

4.02. Registration. The Series 201_A Bond shall be fully registered as to both principal and interest and shall be initially registered in the name of and payable to the United States of America acting through Rural Utilities Service, United States Department of Agriculture. While held by the United States of America acting through Rural Utilities Service, United States Department of Agriculture, the address of the registered holder shall be the Office of the Deputy Chief Financial Officer, USDA, at 4300 Goodfellow Boulevard, St. Louis, Missouri 63120, or such other address as the USDA may designate in writing and delivered to the Registrar for the Series 201_A Bond, and principal of and interest on the Series 201_A Bond shall be payable at

the State Office of the USDA Rural Development, at 2229 Boot Hill Court, Bozeman, Montana 59715, or such other place as may be designated by the USDA in writing and delivered to the Registrar for the Series 201_A Bond. The Town Treasurer and his or her successors in office shall act as Registrar for the Series 201_A Bond and as such shall establish and maintain a Bond Register for the purpose of recording the names and addresses of the registered holder or assigns of the Series 201_A Bond, and the date of registration. The Town reserves the right to appoint a successor Registrar which may be a financial institution. The Town shall pay all fees and charges of such Registrar for such services.

4.03. Redemption. The Town shall have the right, on any installment payment date, to redeem installments of principal of the Series 201_A Bond, in whole or in part, and if in part, in multiples of \$1,000, at a price equal to the principal amount to be redeemed plus accrued interest, without premium; provided, that so long as the Series 201_A Bond is registered in the name of the United States of America, the Town may redeem all or any portion of the principal on any date without penalty or premium. All such prepayments shall be applied to installments of principal in inverse order of their maturity dates. The Town Treasurer shall, at least 30 days prior to the designated redemption date, cause notice of the redemption to be mailed to the registered holder of the Bond at its address as it appears in the bond register described in Section 4.02. The Registrar shall enter in the Bond Register the amount and date of each prepayment.

4.04. Assignment and Exchange. The Series 201_A Bond shall be transferable by the registered owner or its attorney duly authorized in writing upon presentation thereof to the Registrar together with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or its attorney. The following form of assignment shall be sufficient for the purpose:

For value received _____ hereby sells,
assigns and transfers unto _____ the within Bond of the
Town of Stevensville, Montana, and does hereby irrevocably constitute and
appoint _____, Attorney, to transfer said Bond on the
books of said Town with full power of substitution in the premises.
Dated: _____

Registered Owner

Such transfer shall also be noted on the Series 201_A Bond and in the Bond Register. Upon request of the registered owner or transferee, and upon surrender of any Series 201_A Bond, the Town shall execute and deliver, and the Registrar shall authenticate, one or more bonds, in an aggregate principal amount (and, if more than one bond is to be issued, in denominations that are multiples of \$1,000, to the extent practicable) equal to the principal amount of the Series 201_A Bond that then remains unpaid, and maturing at the same time or times as the then unpaid principal installments of the Series 201_A Bond, and the Series 201_A Bond shall be promptly cancelled by the Registrar. No service charge shall be made for such transfer or exchange, but the Town may require payment of a sum sufficient to cover any tax, fee or governmental charge or other expense incurred by the Town with respect to such exchange. In the event of a request for the issuance of more than one new bond upon any such exchange,

the Town Council shall, by resolution, make such provisions relative to the form of such bonds as shall be deemed necessary or desirable to ensure that the terms of and the security for the indebtedness represented by the Series 201_A Bond shall not be varied in any material respect by reason of such exchange.

4.05. Execution and Delivery. The Series 201_A Bond shall be prepared under the direction of the Town Clerk and shall be executed on behalf of the Town by the signatures of the Mayor, the Town Treasurer, and the Town Clerk and sealed with the official corporate seal of the Town. When the Series 201_A Bond has been executed, the Town Clerk shall cause it to be dated as of the date of delivery and delivered to the USDA, as the Original Purchaser thereof, upon payment of the purchase price heretofore agreed upon, and the USDA shall not be obligated to see to the application of the purchase price.

4.06. Refinancing. If, at any time it shall appear to the USDA that the Town is able to refinance the principal amount of the Series 201_A Bond then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources at reasonable rates and terms for loans for similar purposes and periods of time, the Town will, upon request of the USDA, apply for and accept such loan in a sufficient amount to repay the USDA and will take all such action as may be required in connection with such loan.

4.07. Transcript Certification. The officers of the Town are directed to furnish to Bond Counsel and the USDA certified copies of all proceedings and information in their official records relevant to the authorization, sale, execution and issuance of the Series 2015 Note and the Series 201_A Bond, and such certificates and affidavits as to other matters appearing in their official records or otherwise known to them as may be reasonably required to evidence the validity and security of the Series 2015 Note and the Series 201_A Bond, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations and recitals of the Town as to the correctness of all facts stated therein and the completion of all proceedings stated therein to have been taken.

4.08. Form of Series 201_A Bond. The Series 201_A Bond shall be prepared in substantially the form attached as Exhibit B to this Supplemental Resolution, which is hereby incorporated herein and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by the Resolution.

4.09. Appropriation of Series 201_A Bond Proceeds. The proceeds of the Series 201_A Bond are appropriated to the Note Account to the extent required to pay principal of and interest on the Series 2015 Note and otherwise to the Construction Account in the Sewer System Fund and applied to the costs of the 2015 Project, including costs of issuance of the Series 201_A Bond.

4.10. No Escrow Defeasance. As provided more particularly in Section 9.04 of the Original Resolution, the Town may not defease the Series 201_A Bond by depositing in escrow in advance of the redemption date cash or government obligations.

Section 5. The Series 201_B Bond.

5.01. Date, Maturity and Interest. The Series 201_B Bond to be issued and sold pursuant to this Supplemental Resolution shall be designated a Sewer System Revenue Bond, Series 201_B, shall be in the maximum principal amount of \$450,000, shall be one in number, shall be dated as of the date of delivery to the USDA in exchange for payment therefor by the USDA, and shall bear interest at the rate of two and one-quarter percent (2.25%) per annum. Interest shall be computed on the basis of a 365-day year based on the actual number of days elapsed. Assuming the full principal amount of the Series 201_B Bond is advanced, principal of and interest on the Series 201_B Bond shall be payable in equal amortized monthly installments of \$1,427 commencing on the same date as the date of issuance of the Series 201_B Bond in the calendar month next succeeding the calendar month containing such date of issuance, but no later than the 28th day of the month, the final installment being due and payable not later than forty (40) years from the date of the Series 201_B Bond. The final payment will be in such lesser or greater amount as is necessary to pay the balance of principal and interest then remaining due. Such installment payments shall be made to the registered holder of the Series 201_B Bond, at its address as it appears on the Bond Register on the date such principal and interest are payable, or as otherwise provided in Section 5.02, in lawful money of the United States of America.

5.02. Registration. The Series 201_B Bond shall be fully registered as to both principal and interest and shall be initially registered in the name of and payable to the United States of America acting through Rural Utilities Service, United States Department of Agriculture. While held by the United States of America acting through Rural Utilities Service, United States Department of Agriculture, the address of the registered holder shall be the Office of the Deputy Chief Financial Officer, USDA, at 4300 Goodfellow Boulevard, St. Louis, Missouri 63120, or such other address as the USDA may designate in writing and delivered to the Registrar for the Series 201_B Bond, and principal of and interest on the Series 201_B Bond shall be payable at the State Office of the USDA Rural Development, at 2229 Boot Hill Court, Bozeman, Montana 59715, or such other place as may be designated by the USDA in writing and delivered to the Registrar for the Series 201_B Bond. The Town Treasurer and his or her successors in office shall act as Registrar for the Series 201_B Bond and as such shall establish and maintain a Bond Register for the purpose of recording the names and addresses of the registered holder or assigns of the Series 201_B Bond, and the date of registration. The Town reserves the right to appoint a successor Registrar which may be a financial institution. The Town shall pay all fees and charges of such Registrar for such services.

5.03. Redemption. The Town shall have the right, on any installment payment date, to redeem installments of principal of the Series 201_B Bond, in whole or in part, and if in part, in multiples of \$1,000, at a price equal to the principal amount to be redeemed plus accrued interest, without premium; provided, that so long as the Series 201_B Bond is registered in the name of the United States of America, the Town may redeem all or any portion of the principal on any date without penalty or premium. All such prepayments shall be applied to installments of principal in inverse order of their maturity dates. The Town Treasurer shall, at least 30 days prior to the designated redemption date, cause notice of the redemption to be mailed to the registered holder of the Bond at its address as it appears in the bond register described in Section 5.02. The Registrar shall enter in the Bond Register the amount and date of each prepayment.

5.04. Assignment and Exchange. The Series 201_B Bond shall be transferable by the registered owner or its attorney duly authorized in writing upon presentation thereof to the Registrar together with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or its attorney. The following form of assignment shall be sufficient for the purpose:

For value received _____ hereby sells, assigns and transfers unto _____ the within Bond of the Town of Stevensville, Montana, and does hereby irrevocably constitute and appoint _____, Attorney, to transfer said Bond on the books of said Town with full power of substitution in the premises.
Dated: _____

Registered Owner

Such transfer shall also be noted on the Series 201_B Bond and in the Bond Register. Upon request of the registered owner or transferee, and upon surrender of any Series 201_B Bond, the Town shall execute and deliver, and the Registrar shall authenticate, one or more bonds, in an aggregate principal amount (and, if more than one bond is to be issued, in denominations that are multiples of \$1,000, to the extent practicable) equal to the principal amount of the Series 201_B Bond that then remains unpaid, and maturing at the same time or times as the then unpaid principal installments of the Series 201_B Bond, and the Series 201_B Bond shall be promptly cancelled by the Registrar. No service charge shall be made for such transfer or exchange, but the Town may require payment of a sum sufficient to cover any tax, fee or governmental charge or other expense incurred by the Town with respect to such exchange. In the event of a request for the issuance of more than one new bond upon any such exchange, the Town Council shall, by resolution, make such provisions relative to the form of such bonds as shall be deemed necessary or desirable to ensure that the terms of and the security for the indebtedness represented by the Series 201_B Bond shall not be varied in any material respect by reason of such exchange.

5.05. Execution and Delivery. The Series 201_B Bond shall be prepared under the direction of the Town Clerk and shall be executed on behalf of the Town by the signatures of the Mayor, the Town Treasurer, and the Town Clerk and sealed with the official corporate seal of the Town. When the Series 201_B Bond has been executed, the Town Clerk shall cause it to be dated as of the date of delivery and delivered to the USDA, as the Original Purchaser thereof, upon payment of the purchase price heretofore agreed upon, and the USDA shall not be obligated to see to the application of the purchase price.

5.06. Refinancing. If, at any time it shall appear to the USDA that the Town is able to refinance the principal amount of the Series 201_B Bond then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources at reasonable rates and terms for loans for similar purposes and periods of time, the Town will, upon request of the USDA, apply for and accept such loan in a sufficient amount to repay the USDA and will take all such action as may be required in connection with such loan.

5.07. Transcript Certification. The officers of the Town are directed to furnish to Bond Counsel and the USDA certified copies of all proceedings and information in their official records relevant to the authorization, sale, execution and issuance of the Series 2015 Note and the Series 201_B Bond, and such certificates and affidavits as to other matters appearing in their official records or otherwise known to them as may be reasonably required to evidence the validity and security of the Series 2015 Note and the Series 201_B Bond, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations and recitals of the Town as to the correctness of all facts stated therein and the completion of all proceedings stated therein to have been taken.

5.08. Form of Series 201_B Bond. The Series 201_B Bond shall be prepared in substantially the form attached as Exhibit C to this Supplemental Resolution, which is hereby incorporated herein and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by the Resolution.

5.09. Appropriation of Series 201_B Bond Proceeds. The proceeds of the Series 201_B Bond are appropriated to the Note Account to the extent required to pay principal of and interest on the Series 2015 Note and otherwise to the Construction Account in the Sewer System Fund and applied to the costs of the 2015 Project, including costs of issuance of the Series 201_B Bond.

5.10. No Escrow Defeasance. As provided more particularly in Section 9.04 of the Original Resolution, the Town may not defease the Series 201_B Bond by depositing in escrow in advance of the redemption date cash or government obligations.

Section 6. Security for the Definitive Bonds; Deposits; Reports; Insurance.

6.01. Lien on Net Revenues. The Definitive Bonds are issued under Section 5.01 of the Original Resolution and shall, with the Series 2000 Bonds and the Series 2011 Bond now Outstanding and any other Additional Bonds issued under the provisions of Section 5.01 of the Original Resolution, as amended, be equally and ratably secured by the provisions of the Resolution, and payable out of the Net Revenues pledged to the Debt Service Account, without preference or priority, all as provided in the Resolution. The Town shall keep, perform and observe each and every of its covenants and undertakings set forth in the Resolution.

6.02. Deposits. Commencing with the first monthly payment of the Series 201_Bonds, and in addition to and from the Net Revenues remaining after each monthly credit to the Debt Service Account required by Section 6.04 of the Original Resolution, as amended, the Town shall credit to the Reserve Account a minimum amount per month and such additional amounts as may be necessary to accumulate over a period concluding on the tenth anniversary of the date of issuance of the Series 201_Bonds, a balance in the Reserve Account an amount equal to the Reserve Requirement. It is expected that to fulfill the requirements of the preceding sentence and assuming the full principal amounts of the Series 201_Bonds are advanced, the Town will credit to the Reserve Account a minimum amount of \$264 per month with respect to the Series 201_A Bond and a minimum of \$143 per month with respect to the Series 201_B Bond. Once the Reserve Requirement has been satisfied and so long as it continues to be satisfied, monthly

payments in the amount of \$407 may be applied to prepay the Series 201_ Bonds or credited to the Replacement and Depreciation Account.

6.03. Reports. The Town shall, so long as either of the Series 201_ Bonds is Outstanding and the United States of America is the holder thereof, prior to the beginning of each Fiscal Year submit to the USDA a proposed budget for the ensuing Fiscal Year and shall also submit to the USDA a quarterly income and expense statement for the three complete Fiscal Years after completion of the 2015 Project.

6.04. Improvements. So long as the Series 201_ Bonds are outstanding and the United States of America is the holder thereof, the Town will not make any improvements or modifications to the System without the approval of the USDA.

Section 7. Amendments.

7.01. Amendments. Pursuant to the written consent of the United States of America, being the Holder of all of the outstanding Bonds, the Original Resolution is hereby amended as follows.

7.01.1. Section 6.06. Section 6.06 of the Original Resolution, as amended by Resolution No. 274, is hereby amended to read as follows in its entirety (underlining indicates additions; strikethroughs, deletions):

“6.06. Repair and Replacement Account. The Repair and Replacement Account is hereby established as a separate account within the Sewer System Fund. As of each monthly apportionment, there shall be credited to the Repair and Replacement Account such portion of the Net Revenues, in excess of the current requirements of the Debt Service Account and the Reserve Account (which portion of the Revenues is referred to herein as “Surplus Net Revenues”), as the Town shall determine to be required for replacement or renewal of worn out, obsolete or damaged properties and equipment of the System, provided, however, that if the Definitive Bond is Outstanding and if the balance in the Reserve Account equals the maximum Reserve Requirement and the Town is otherwise in compliance with its covenants herein, the amount in excess of the Reserve Requirement, to the extent not credited to the Debt Service Account as provided in the last paragraph of Section 6.05, will be placed in the Repair and Replacement Account or the Surplus Account. The Town hereby establishes a subaccount in the Repair and Replacement Account denominated the Short-Lived Asset Replacement Reserve Subaccount. ~~On or before the date of delivery of the Definitive Bond, the Town shall deposit from funds it has on hand and available therefor the amount of \$44,100 in the Short-Lived Asset Replacement Reserve Subaccount.~~ Commencing on the date that is one month following the date of issuance of the Definitive Bonds and monthly thereafter throughout the ensuing years for so long as the Series 2011 Bond and Definitive Bonds are outstanding, the Town shall deposit in the Short-Lived Asset Replacement Reserve Subaccount from Surplus Net Revenues \$595 per month or as adjusted for inflation. Money in the Short-Lived Asset Replacement Reserve Subaccount is to be used for the replacement of Short-Lived Assets, but may be applied to pay and discharge the Series 2011 Bond or a Definitive Bond, together with other available funds of the Town, if the

amount therein is then sufficient to pay and discharge the Series 2011 Bond or a Definitive Bond in full. ~~The Town shall maintain the balance in the Short Lived Asset Replacement Reserve Subaccount at \$44,100.~~ Money in the Repair and Replacement Account shall be used only for the purposes above stated or, but only if the above requirements of the Repair and Replacement Account are satisfied, including those relating to funding the Short-Lived Asset Replacement Reserve Account, and if so directed by the Council, to pay Operating Expenses, to redeem Obligations which are prepayable according to their terms, to pay principal or interest when due thereon as required in Section 6.04 or Section 6.09, to pay the cost of improvements to the System ~~or~~, to be transferred to the Rebate Account as provided in Section 6.08 or to be transferred to the Surplus Account; provided that in the event construction and installation of additional improvements or additions to the System are financed other than from Obligations, so long as the amounts required are on deposit in the Short-Lived Asset Replacement Reserve Subaccount, Surplus Net Revenues from time to time received may be segregated and paid into one or more separate and additional accounts for the repayment of such indebtedness and interest thereon, in advance of payments required to be made into the Repair and Replacement Account; and provided further that amounts in the Short-Lived Asset Replacement Reserve Subaccount may be used only for the replacement of Short-Lived Assets or to discharge the Series 2011 Bond and a Definitive Bond (or any of them) as stated above. As long as the United States of America is the holder of the Series 2011 Bond and a Definitive Bond (or any of them) and no Additional Bonds are Outstanding, the Town may not use or obligate moneys on hand in the Repair and Replacement Account without the written approval of the USDA.”

7.01.2. Section 6.09. Section 6.09 of the Original Resolution is hereby further amended to read as follows in its entirety (underlining indicates additions; strikethroughs, deletions):

“6.09. Note Account. There is hereby established in the Sewer System Fund and the ~~Town Clerk-Treasurer~~ Town Treasurer shall maintain a separate and special Note Account (the “Note Account”). If a Note is Outstanding, all Net Revenues remaining after the required credits to the Debt Service Account, the Reserve Account and the Replacement and Depreciation Account pursuant to this Resolution shall be credited to the Note Account. The Town irrevocably appropriates to the Note Account (a) Net Revenues as described in the immediately preceding sentence ~~the proceeds of the Loans, as received,~~ (b) the proceeds of all definitive sewer system revenue bonds issued pursuant to ~~Section 3.08 of this~~ the Resolution as then in effect, and (c) such other money as shall be appropriated to the Note Account from time to time.

Amounts on deposit in the Note Account shall be used solely to pay the principal of and interest on the Series 1999 Note and any Additional Notes made payable therefrom; provided that, except in the case of the Series 1999 Note, if on any date the balance in the Debt Service Account or the Reserve Account is less than then required, an amount equal to such deficiency will be transferred from the Net Revenues and investment income therefrom on deposit in the Note Account. Upon payment or discharge of the Series 1999 Note, ~~and the Series 2011 Note,~~ and the Series 2015 Note and any Additional Notes and upon the making of the credits to the Note Account

required in connection with any other Notes made payable therefrom, all surplus funds therein shall be transferred to the Surplus Account. Until the Series 1999 Note, and the Series 2011 Note, and the Series 2015 Note and any Additional Notes and interest thereon have been paid or discharged, no credits shall be made to the Surplus Account.”

Section 8. Tax Covenants relating to the Series 2015 Note and Definitive Bonds.

8.01. Use of 2015 Project. The 2015 Project is and will be owned and operated by the Town and used by the Town to provide sewer services to members of the general public as part of the System. No user of the System is granted any concession, license or special arrangement with respect to the System or any part thereof. The Town shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the 2015 Project or the System or security for the payment of the Series 2015 Note or the Definitive Bonds which might cause either the Series 2015 Note or the Definitive Bonds to be considered a “private activity bonds” or a “private loan bonds” within the meaning of Section 141 of the Code.

7.02. General Covenant. The Town covenants and agrees with the owners from time to time of the Series 2015 Note or the Definitive Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Series 2015 Note or the Definitive Bonds to become includable in gross income for federal income tax purposes under the Code and applicable Treasury Regulations (the “Regulations”), and covenants to take any and all actions within its powers to ensure that the interest on the Series 2015 Note or the Definitive Bonds will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

7.03. Arbitrage Certification. The Mayor, the Town Treasurer, and the Town Clerk, being the officers of the Town charged with the responsibility for issuing the Series 2015 Note and the Definitive Bonds pursuant to this Supplemental Resolution, are authorized and directed to execute and deliver to the Original Purchasers thereof a certificate in accordance with the provisions of Section 148 of the Code, and Section 1.148-2(b) of the Regulations, stating that on the basis of facts, estimates and circumstances in existence on the respective dates of issue and delivery of the Series 2015 Note or the Definitive Bonds, it is reasonably expected that the proceeds thereof will be used in a manner that would not cause the Series 2015 Note or the Definitive Bonds to be an “arbitrage bond” within the meaning of Section 148 of the Code and the Regulations.

7.04. Arbitrage Rebate Exception.

(a) The Town hereby represents that the Series 2015 Note qualifies for the exception for small governmental units to the arbitrage rebate provisions contained in Section 148(f) of the Code. Specifically, the Town represents:

(1) The 2015 Project is to be used solely by members of the general public and no special concession or contract is or will be granted to any user of the 2015 Project.

(2) Substantially all (not less than 95%) of the proceeds of the Series 2015 Note will be used for local governmental activities of the Town.

(3) The aggregate face amount of all “tax-exempt bonds” (including warrants, contracts, leases and other indebtedness, but excluding private activity bonds) issued by the Town and all subordinate entities thereof during 2015 is not reasonably expected to exceed \$5,000,000. To date in 2015, the Town has not issued any such tax-exempt bonds, and in the calendar years 2010 through 2014, the Town did not issue any tax-exempt bonds, except its Water System Revenue Bond, Series 2013 and the Series 2011 Bond.

(b) If notwithstanding the provisions of paragraph (a) of this Section 7.04, the arbitrage rebate provisions of Section 148(f) of the Code apply to the Series 2015 Note, the Town hereby covenants and agrees to make the determinations, retain records, and rebate to the United States the amounts at the times, required by said Section 148(f).

7.05. Information Reporting. The Town shall file with the Secretary of the Treasury a statement concerning the Series 2015 Note containing the information required by Section 149(e) of the Code.

7.06. Qualified Tax-Exempt Obligation. Pursuant to Section 265(b)(3)(B)(ii) of the Code, the Town hereby designates the Series 2015 Note as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code. The Town has not designated under Section 265(b) any obligations in 2015 other than the Series 2015 Note under Section 265(b)(3). The Town hereby represents that it does not anticipate that obligations bearing interest not includable in gross income for purposes of federal income taxation under Section 103 of the Code (including refunding obligations as provided in Section 265(b)(3) of the Code and including “qualified 501(c)(3) bonds” but excluding other “private activity bonds,” as defined in Sections 141(a) and 145(a) of the Code) will be issued by or on behalf of the Town and all “subordinate entities” of the Town in 2015 in an amount greater than \$10,000,000.

Section 8. Effective Date; Repeals. This Resolution shall become effective upon passage and all provisions of ordinances, resolutions and other actions and proceedings of the Town which are in any way inconsistent with the terms and provisions of this Resolution are repealed, amended and rescinded to the full extent necessary to give full force and effect to the provisions of this Resolution.

EXHIBIT A

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF RAVALLI

TOWN OF STEVENSVILLE

SEWER SYSTEM REVENUE BOND ANTICIPATION NOTE
SERIES 2015

No. R-1 \$1,250,000.00

<u>Maturity</u>	<u>Date of Original Issue</u>
August 15, 2016	_____, 2015

REGISTERED OWNER: BOARD OF INVESTMENTS OF THE STATE OF MONTANA

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

FOR VALUE RECEIVED, TOWN OF STEVENSVILLE, MONTANA (the "Town"), a municipal corporation and political subdivision of the State of Montana, acknowledges itself to be indebted and hereby promises to pay to the registered owner named above, or registered assigns, but solely out of the Note Account (the "Note Account") in its Sewer System Fund (the "Fund"), the principal sum equal to the sum of the amounts entered on Schedule A hereto under "Total Amount Advanced," on the maturity date specified above, with interest on such amount as advanced hereunder, at the Variable Rate (as is hereafter defined), until paid or discharged, all subject to the provisions hereof relating to the redemption of this Note before maturity. Interest shall be computed on the basis of the actual number of days in the year. Principal and interest hereon are payable at maturity or upon redemption hereof. Upon presentation and surrender hereof at the office of the Town Treasurer in Stevensville, Montana, the interest hereon and the principal hereof are payable in lawful money of the United States of America to the registered owner of this Note as it appears in the Note Register of the Town.

This Note shall bear interest from the date hereof until paid at the Variable Rate, as such may be adjusted from time to time as hereinafter provided. Until the initial Adjustment Date (as hereafter defined), the Variable Rate shall be one and one-quarter percent (1.25%) per annum. Thereafter, for the Adjustment Period (as hereafter defined), the Variable Rate shall be the rate per annum equal to the interest rate then borne by the Board of Investment's Annual Adjustable Rate Tender Option, Municipal Finance Consolidation Act Bonds (INTERCAP Revolving Program), plus up to one and one-half percent (1.50%) per annum, as certified by the Board of

Investments as of the Adjustment Date, but in no event to exceed fifteen percent (15.00%) per annum. If for any reason the interest rate cannot be established as so provided or is held invalid or unenforceable by a court of law, the interest rate for this Note for the Adjustment Period shall be a rate equal to the largest integral multiple of five hundredths of one percent (0.05%) that is equal to or less than eighty percent (80%) of the average yield, evaluated at par, of United States Treasury obligations with a stated or remaining maturity of one year, as reported in *The Wall Street Journal* (Des Moines Edition) (or, if such paper is no longer published or fails to report such information, in any other financial periodical selected by the U.S. Bank National Association, of Seattle, Washington, and reasonably acceptable to the holders of this Note) on the Adjustment Date or, if the Adjustment Date is not a Business Day, the next preceding Business Day, but in no event to exceed fifteen percent (15.00%) per annum. As used herein, "Adjustment Date" means each February 16 and "Adjustment Period" means the period beginning on an Adjustment Date and ending on the day before the next succeeding Adjustment Date or the final Stated Maturity of this Note, whichever is earlier; provided that if this Note is not paid at its final Stated Maturity, the final Adjustment Period with respect to this Note shall extend until it is paid or provision has been duly made for its payment.

Upon each disbursement of proceeds of this Note, the Holder shall enter the amount advanced on Schedule A attached hereto under "Advances" and the total amount advanced under this Resolution, including such disbursement, under "Total Amount Advanced."

This Note is one in number and comprises all of a duly authorized issue of Notes of the Town (the "Series 2015 Note") issued pursuant to, and in anticipation of the issuance by the Town of its Sewer System Revenue Bonds (the "Definitive Bonds"), evidencing loans (the "Loans") from the United States of America through Rural Utilities Service, United States Department of Agriculture, authorized to be issued under Resolution Nos. 255, 167, 274, and 279, adopted by this Council on July 12, 1999, December 11, 2000, June 27, 2011, and November 28, 2011, respectively, as amended and supplemented by Resolution No. 372, adopted by the Town Council on May 14, 2015 (as so amended and supplemented, the "Resolution"), to which Resolution, copies of which are on file with the Town, reference is hereby made for a description of the nature and extent of the security for the Series 2015 Note, the conditions under which Additional Bonds may be issued on a parity as to payment with the Outstanding Bonds or otherwise, the conditions under which the Resolution may be amended and the rights of the Holders of the Series 2015 Note. Terms used with initial capital letters but not defined herein have the meanings given to them in the Resolution. The Series 2015 Note is issued by the Town for the purpose of providing interim financing for improvements to the Town's municipal sewer system (the "System") consisting of construction of a new headworks building, installing perforated plate screen and vortex grit removal tank, converting a portion of the aerobic digester to conventional biological nutrient removal, adding a sludge press, and related improvements (the "2015 Project") and paying costs of issuing the Series 2015 Note.

This Series 2015 Note is issued pursuant to and in full compliance with the Constitution and laws of the State of Montana, particularly Montana Code Annotated, Section 7-7-109, and Title 7, Chapter 7, Parts 44 and 45, as amended (the "Act"), and pursuant to the Resolution. Interest on this Series 2015 Note is payable from and secured by a lien on the Net Revenues of the System, but subordinate to the application of Net Revenues to pay the Series 2000 Bonds and

the Series 2011 Bond and the principal of and interest on this Note are payable from the proceeds of the Definitive Bonds appropriated to the Note Account in the Sewer System Fund (the "Note Account"), including the proceeds of the Definitive Bonds, which the Town has covenanted to issue and sell prior to the maturity of this Note in an amount sufficient, with other funds on hand, to pay the principal hereof and interest hereon.

This Series 2015 Note is not a general obligation of the Town and the Town's general credit and taxing powers are not pledged to the payment of this Series 2015 Note or interest thereon. This Series 2015 Note does not constitute an indebtedness of the Town within the meaning of any constitutional or statutory provisions.

The Town may redeem on any date, in whole but not in part, the unpaid principal of this Note at a price equal to the principal amount to be redeemed plus interest accrued to the date of redemption, without premium. Notice of any such prepayment will be mailed by the Town not less than 15 days prior to the date specified for payment, to the registered holder of this Note at his address as it appears on the Note Register maintained by the Town Treasurer.

The Town has designated this Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

As provided in the Resolution and subject to certain limitations set forth therein, this Note is transferable upon the books of the Town at the office of the Town Treasurer, by the registered owner hereof in person or by his attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Town Treasurer, duly executed by the registered owner or his attorney. Upon such transfer, the Town will cause a new Note to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer.

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

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Montana to be done, to exist, to happen and to be performed precedent to and in the issuance of this Note in order to make it a valid and binding special obligation of the Town according to its terms, have been done, do exist, have happened and have been performed in regular and due time, form and manner as so required; that the Town, in and by the Resolution, has validly made and entered into covenants and agreements with and for the benefit of the Holders from time to time of the Series 2015 Note including covenants that the rates and charges for the System will from time to time be made and kept sufficient to provide gross income and revenues adequate to pay promptly the reasonable and current expenses of operating and maintaining the System and to produce in each fiscal year, Net Revenues in excess of such current expenses, equal to at least 110% of the maximum amount of principal and interest payable from the Debt Service Account in any subsequent fiscal year, commencing with the fiscal year ending June 30, 2015; that the Town has

received a written commitment for Loans from the United States of America in an amount equal to \$1,250,000 and has by resolution covenanted to satisfy the conditions of the commitment; that the Town has appropriated to the Note Account the proceeds of the Loans to the extent required to pay principal hereof or interest hereon; that by the Resolution, the Town has covenanted, at or prior to the maturity of this Note, to sell and issue the Definitive Bonds, either to the United States of America in evidence of the Loans or otherwise pursuant to the Act and the Resolution in a principal amount so as to provide funds sufficient, together with any money on deposit in the Note Account and available therefor, to pay in full the principal of and interest on this Note at maturity; that if this Note is not paid in full at maturity, the owner hereof may require the Town to issue, in exchange for this Note, on a par-for-par basis, one or more of such Sewer System Revenue Bonds amortized in semiannual installments over a ten-year period or fifteen-year period (at the option of the Holder) and bearing interest at a rate equal to the Variable Rate as defined herein; that all provisions for the security of the Holder of this Series 2015 Note set forth in the Resolution will be punctually and faithfully performed as therein stipulated; and that the issuance of this Note does not cause the general or special indebtedness of the Town to exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the Town of Stevensville, Montana, by its Town Council, has caused this Note to be executed on its behalf by the signature of the Mayor, the Town Treasurer and the Town Clerk and sealed with the official corporate seal of the Town, and has caused this Note to be dated as of _____, 2015.

TOWN OF STEVENSVILLE, MONTANA

Mayor

Town Treasurer

Town Clerk

(SEAL)

PROVISIONS FOR REGISTRATION OF TRANSFER

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

REGISTER

The ownership of the unpaid Principal Balance of this Bond and the interest accruing thereon is registered on the books of the Town of Stevensville, 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>Town Treasurer</u>
_____, 2015	Board of Investments 2401 Colonial Dr. P.O. Box 200126 Helena, MT 59620-0126	

NO WRITING HEREON EXCEPT BY TOWN TREASURER
AS NOTE REGISTRAR

The Town Treasurer has transferred on the books of the Town of Stevensville, Montana, on the date last noted below, to the registered assign noted opposite said date, ownership of the principal amount of and interest on this Note, except the amounts of principal and interest theretofore paid:

<u>Date of Transfer</u>	<u>Registered Assign</u>	<u>Signature of Town Treasurer</u>

EXHIBIT B

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF RAVALLI

TOWN OF STEVENSVILLE

SEWER SYSTEM REVENUE BOND
SERIES 201_A

[the series designation to be completed with the calendar year
in which the Bond is issued]

No. R-1

\$800,000.00

FOR VALUE RECEIVED, THE TOWN OF STEVENSVILLE, MONTANA (the "Town"), a duly organized municipal corporation and political subdivision of the State of Montana, acknowledges itself to be specially indebted and hereby promises to pay, solely from the Debt Service Account of its Sewer System Fund, to the United States of America acting through Rural Utilities Service, United States Department of Agriculture, or any successor agency under Public Law 103-354 (the "USDA"), or registered assigns (the "Holder"), the principal sum of EIGHT HUNDRED THOUSAND AND NO/100 DOLLARS (\$800,000.00), in installments as set forth below, and to pay interest thereon, from and after the date of each such principal amount advanced as shown on the attached Schedule A, solely from the Debt Service Account, at the rate of [two and one-half] percent ([2.50]%) per annum. Interest shall be computed on the basis of a 365-day year based on the actual number of days elapsed from and after each advance. Principal and interest are payable in equal monthly installments in the amount of [\$2,640.00], commencing on _____, _____, and payable on the ____ day of each month thereafter until the principal and interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable forty years from the date hereof, subject to the right of prepayment set forth below. The installments of principal and interest are payable at State Office of the USDA, at USDA Rural Development, 2229 Boot Hill Court, Bozeman, Montana 59715, or such other place as the Purchaser shall designate in writing, except that in the event that the USDA has assigned this Bond, the installments of principal and interest are payable to the registered Holder at his address as it appears on the Bond Register of the Town. Principal and interest are payable in any coin or currency of the United States of America which on the respective dates of payment is legal tender for public and private debts.

This Bond is one of an issue of Sewer System Revenue Bonds, heretofore and hereafter issuable in one or more series from time to time (the "Bonds"), pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as amended (the "Act"), and Resolution Nos. 255, 167, 274, 279, and 372 adopted by this Council on July 12, 1999, December 11, 2000, June 27, 2011, November 28, 2011, and May 14, 2015, respectively, as amended and

supplemented by Resolution No. _____, adopted by the Town Council on _____, 20__ (as so amended and supplemented, the "Resolution"). Terms used with initial capital letters but not defined herein have the meanings given to them in the Resolution. This Bond (the "Series 201_A Bond"), together with the \$450,000 Sewer System Revenue Bond, Series 201_B (the "Series 201_B Bond"), which is being issued simultaneously herewith, is issued for the purpose of paying and redeeming the Town's Sewer System Revenue Bond Anticipation Note, Series 2015 (the "Series 2015 Note"), which was issued to finance a portion of the costs associated with improvements (the "Improvements") to the municipal sewer system of the Town (the "System"), which term includes all improvements, betterments, extensions and alterations of the System, and to pay costs of issuing the Series 2015 Note. The Town's outstanding \$1,250,000 Sewer System Revenue Bond, Series 2000A, and \$814,000 Sewer System Revenue Bond, Series 2000B (collectively, the "Series 2000 Bonds"), \$780,000 Sewer System Revenue Bond, Series 2011 (the "Series 2011 Bond"), Series 201_A Bond, Series 201_B Bond, and any Additional Bonds issued under the Resolution on a parity therewith (collectively, the "Bonds"), including the interest thereon, are payable solely from the Net Revenues pledged to the payment thereof and do not constitute a debt of the Town within the meaning of any constitutional or statutory limitation or provision.

The Town may redeem on any installment payment date, in whole or part and if in part, in multiples of \$1,000, any unpaid principal of this Series 201_A Bond at a price equal to the principal amount to be redeemed plus interest accrued to the date of redemption, without premium; provided that while this Series 201_A Bond is registered in the name of the United States of America, the Town may redeem any unpaid principal on any date and in any amount. Notice of any such prepayment will be mailed by the Town not less than 30 days prior to the date specified for payment, to the registered holder of this Series 201_A Bond at his address as it appears on the Bond Register.

The Town has designated this Series 201_A Bond as a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

This Series 201_A Bond shall be registered in the name of the Holder on the bond register of the Town kept by the Town Treasurer as Bond Registrar. This Series 201_A Bond is transferable by the registered Holder or its attorney duly authorized in writing, upon presentation hereof with a written instrument of transfer satisfactory to the Town and duly executed by the registered holder or its attorney. Such transfer shall be noted on the bond register and hereon. The Town will, upon request, issue to the registered Holder or transferee, upon surrender of this Series 201_A Bond, one or more other bonds, in an aggregate principal amount (and, if more than one bond is to be issued, in denominations that are multiples of \$1,000, to the extent practicable) equal to the principal amount of the Series 201_A Bond that then remains unpaid and maturing at the same time or times as the then unpaid principal installments hereof, subject to reimbursement for any tax, fee or governmental charge or other expense incurred by the Town with respect to such exchange. The Town may treat the person in whose name this Series 201_A Bond is registered as the absolute owner hereof, whether this Series 201_A Bond is overdue or not, for the purpose of receiving payment of principal and interest and all other purposes, and shall not be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Town will prescribe and collect reasonable rates and charges for all services and facilities afforded by the System, including all additions thereto and replacements and improvements thereof, and has created a special Sewer System Fund into which the Revenues of the System will be paid, and a separate and special Debt Service Account in that fund, into which will be paid each month, from the Net Revenues of the System then on hand an amount not less than the installment next payable on the Series 2000 Bonds, the Series 2011 Bond, the Series 201_A Bond, and the Series 201_B Bond and any Additional Bonds payable monthly, and, if Additional Bonds are issued that are payable semi-annually, not less than one-sixth of the interest due on such outstanding Bonds within the next six months and one-twelfth of the principal on such outstanding Bonds due within the next twelve months; that it will transfer to the Reserve Account in the Sewer System Fund monthly out of the remaining Net Revenues a minimum of [\$264] per month and such additional amounts as may be necessary to accumulate therein over a period concluding on the tenth anniversary of the date hereof, a reserve equal to 100% of the maximum Principal and Interest Requirements on the Bonds then outstanding in the current or any future Fiscal Year (the initial Reserve Requirement), and such additional amounts as may be necessary thereafter to maintain therein a balance equal to the Reserve Requirement; that the Debt Service Account and the Reserve Account will be used only to pay the principal of, premium, if any, and interest on the Bonds; that the rates and charges for the System will from time to time be made and kept sufficient to provide Net Revenues during each Fiscal Year at least equal to 110% of the maximum Principal and Interest Requirements in the current or any future Fiscal Year; that sufficient Net Revenues shall be available to fund the Reserve Account, and sufficient Surplus Net Revenues shall be available to fund the Short-Lived Asset Replacement Reserve Subaccount as described in the Resolution; that Additional Bonds may be issued and made payable from the Sewer System Fund on a parity with the Series 2000 Bonds, the Series 2011 Bond, the Series 201_A Bond, and the Series 201_B Bond upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues, whether or not such obligation shall also constitute a general obligation and indebtedness of the Town, unless the lien thereof shall be expressly made subordinate to the lien of the Series 201_A Bond on such Net Revenues; that all provisions for the security of the holder of this Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the ordinances and resolutions of the Town to be done, to exist, to happen and to be performed in order to make this Series 201_A Bond a valid and binding special obligation of the Town according to its terms have been done, do exist, have happened and have been performed as so required; and that this Bond and the interest and premium, if any, hereon are payable solely from the Net Revenues of the System pledged and appropriated to the Debt Service Account and do not constitute a debt of the Town within the meaning of any constitutional or statutory limitation or provision; and the issuance of the Series 201_A Bond does not cause the indebtedness of the Town to exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF the Town of Stevensville, Ravalli County, State of Montana, by its Town Council, has caused this Bond to be executed on its behalf by the signature of the Mayor, the Town Treasurer and the Town Clerk and sealed with the official corporate seal of the Town, and has caused this Bond to be dated as of _____, 20__.

TOWN OF STEVENSVILLE, MONTANA

Mayor

Town Treasurer

Town Clerk

(SEAL)

PROVISIONS FOR REGISTRATION OF TRANSFER AND EXCHANGE

The ownership of this Series 201_A Bond and of the interest payable hereon may be transferred to a bona fide purchaser only by delivery hereof with an assignment duly executed by the registered owner or his attorney or legal representative, and the Town may treat the registered owner as the person exclusively entitled to receive payments of principal of and interest on this Series 201_A Bond and to exercise all the rights and powers of an owner until this Series 201_A Bond is presented to the Town Treasurer of the Town of Stevensville, Montana, as Bond Registrar, accompanied by said assignment and by assurance of the nature provided by law that the same is genuine and effective, and until such transfer is duly registered on the books of the Town and noted hereon by the Bond Registrar.

REGISTER

The ownership of the unpaid principal balance of this Series 201_A Bond and the interest accruing thereon is registered on the books of the Town of Stevensville, in the name of the registered holder as last noted below:

<u>Date of Registration</u>	<u>Name and Address of Registered Holder</u>	<u>Signature of Town Treasurer</u>
_____ 201_	United States of America, United States Department of Agriculture Office of the Deputy Chief Financial Officer 4300 Goodfellow Blvd. St. Louis, Missouri 63120	_____

NO WRITING HEREON EXCEPT BY TOWN TREASURER
AS BOND REGISTRAR

The Bond Registrar has transferred on the books of the Town of Stevensville, Montana, on the date last noted below, to the registered assign noted opposite said date, ownership of the principal amount of and interest on this Bond, except the amounts of principal and interest theretofore paid:

<u>Date of Transfer</u>	<u>Registered Assign</u>	<u>Signature of Bond Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT C

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF RAVALLI

TOWN OF STEVENSVILLE

SEWER SYSTEM REVENUE BOND
SERIES 201_B

[the series designation to be completed with the calendar year
in which the Bond is issued]

No. R-1

\$450,000.00

FOR VALUE RECEIVED, THE TOWN OF STEVENSVILLE, MONTANA (the "Town"), a duly organized municipal corporation and political subdivision of the State of Montana, acknowledges itself to be specially indebted and hereby promises to pay, solely from the Debt Service Account of its Sewer System Fund, to the United States of America acting through Rural Utilities Service, United States Department of Agriculture, or any successor agency under Public Law 103-354 (the "USDA"), or registered assigns (the "Holder"), the principal sum of FOUR HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$450,000.00), in installments as set forth below, and to pay interest thereon, from and after the date of each such principal amount advanced as shown on the attached Schedule A, solely from the Debt Service Account, at the rate of [two and one-quarter] percent ([2.25]%) per annum. Interest shall be computed on the basis of a 365-day year based on the actual number of days elapsed from and after each advance. Principal and interest are payable in equal monthly installments in the amount of [\$1,427.00], commencing on _____, _____, and payable on the ____ day of each month thereafter until the principal and interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable forty years from the date hereof, subject to the right of prepayment set forth below. The installments of principal and interest are payable at State Office of the USDA, at USDA Rural Development, 2229 Boot Hill Court, Bozeman, Montana 59715, or such other place as the Purchaser shall designate in writing, except that in the event that the USDA has assigned this Bond, the installments of principal and interest are payable to the registered Holder at his address as it appears on the Bond Register of the Town. Principal and interest are payable in any coin or currency of the United States of America which on the respective dates of payment is legal tender for public and private debts.

This Bond is one of an issue of Sewer System Revenue Bonds, heretofore and hereafter issuable in one or more series from time to time (the "Bonds"), pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as amended (the "Act"), and Resolution Nos. 255, 167, 274, 279, and 372 adopted by this Council on July 12, 1999, December 11, 2000, June 27, 2011, November 28, 2011, and May 14, 2015, respectively, as amended and

supplemented by Resolution No. _____, adopted by the Town Council on _____, 20__ (as so amended and supplemented, the "Resolution"). Terms used with initial capital letters but not defined herein have the meanings given to them in the Resolution. This Bond (the "Series 201_B Bond"), together with the \$800,000 Sewer System Revenue Bond, Series 201_A (the "Series 201_A Bond"), which is being issued simultaneously herewith, is issued for the purpose of paying and redeeming the Town's Sewer System Revenue Bond Anticipation Note, Series 2015 (the "Series 2015 Note"), which was issued to finance a portion of the costs associated with improvements (the "Improvements") to the municipal sewer system of the Town (the "System"), which term includes all improvements, betterments, extensions and alterations of the System, and to pay costs of issuing the Series 2015 Note. The Town's Outstanding \$1,250,000 Sewer System Revenue Bond, Series 2000A, and \$814,000 Sewer System Revenue Bond, Series 2000B (collectively, the "Series 2000 Bonds"), \$780,000 Sewer System Revenue Bond, Series 2011 (the "Series 2011 Bond"), Series 201_A Bond, Series 201_B Bond, and any Additional Bonds issued under the Resolution on a parity therewith (collectively, the "Bonds"), including the interest thereon, are payable solely from the Net Revenues pledged to the payment thereof and do not constitute a debt of the Town within the meaning of any constitutional or statutory limitation or provision.

The Town may redeem on any installment payment date, in whole or part and if in part, in multiples of \$1,000, any unpaid principal of this Series 201_B Bond at a price equal to the principal amount to be redeemed plus interest accrued to the date of redemption, without premium; provided that while this Series 201_B Bond is registered in the name of the United States of America, the Town may redeem any unpaid principal on any date and in any amount. Notice of any such prepayment will be mailed by the Town not less than 30 days prior to the date specified for payment, to the registered holder of this Series 201_B Bond at his address as it appears on the Bond Register.

The Town has designated this Series 201_B Bond as a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

This Series 201_B Bond shall be registered in the name of the Holder on the bond register of the Town kept by the Town Treasurer as Bond Registrar. This Series 201_B Bond is transferable by the registered Holder or its attorney duly authorized in writing, upon presentation hereof with a written instrument of transfer satisfactory to the Town and duly executed by the registered holder or its attorney. Such transfer shall be noted on the bond register and hereon. The Town will, upon request, issue to the registered Holder or transferee, upon surrender of this Series 201_B Bond, one or more other bonds, in an aggregate principal amount (and, if more than one bond is to be issued, in denominations that are multiples of \$1,000, to the extent practicable) equal to the principal amount of the Series 201_B Bond that then remains unpaid and maturing at the same time or times as the then unpaid principal installments hereof, subject to reimbursement for any tax, fee or governmental charge or other expense incurred by the Town with respect to such exchange. The Town may treat the person in whose name this Series 201_B Bond is registered as the absolute owner hereof, whether this Series 201_B Bond is overdue or not, for the purpose of receiving payment of principal and interest and all other purposes, and shall not be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Town will prescribe and collect reasonable rates and charges for all services and facilities afforded by the System, including all additions thereto and replacements and improvements thereof, and has created a special Sewer System Fund into which the Revenues of the System will be paid, and a separate and special Debt Service Account in that fund, into which will be paid each month, from the Net Revenues of the System then on hand an amount not less than the installment next payable on the Series 2000 Bonds, the Series 2011 Bond, the Series 201_A Bond, and the Series 201_B Bond and any Additional Bonds payable monthly, and, if Additional Bonds are issued that are payable semi-annually, not less than one-sixth of the interest due on such outstanding Bonds within the next six months and one-twelfth of the principal on such outstanding Bonds due within the next twelve months; that it will transfer to the Reserve Account in the Sewer System Fund monthly out of the remaining Net Revenues a minimum of [\$143] per month and such additional amounts as may be necessary to accumulate therein over a period concluding on the tenth anniversary of the date hereof, a reserve equal to 100% of the maximum Principal and Interest Requirements on the Bonds then outstanding in the current or any future Fiscal Year (the initial Reserve Requirement), and such additional amounts as may be necessary thereafter to maintain therein a balance equal to the Reserve Requirement; that the Debt Service Account and the Reserve Account will be used only to pay the principal of, premium, if any, and interest on the Bonds; that the rates and charges for the System will from time to time be made and kept sufficient to provide Net Revenues during each Fiscal Year at least equal to 110% of the maximum Principal and Interest Requirements in the current or any future Fiscal Year; that sufficient Net Revenues shall be available to fund the Reserve Account, and sufficient Surplus Net Revenues shall be available to fund the Short-Lived Asset Replacement Reserve Subaccount as described in the Resolution; that Additional Bonds may be issued and made payable from the Sewer System Fund on a parity with the Series 2000 Bonds, the Series 2011 Bond, the Series 201_A Bond, and the Series 201_B Bond upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues, whether or not such obligation shall also constitute a general obligation and indebtedness of the Town, unless the lien thereof shall be expressly made subordinate to the lien of the Series 201_B Bond on such Net Revenues; that all provisions for the security of the holder of this Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the ordinances and resolutions of the Town to be done, to exist, to happen and to be performed in order to make this Series 201_B Bond a valid and binding special obligation of the Town according to its terms have been done, do exist, have happened and have been performed as so required; and that this Bond and the interest and premium, if any, hereon are payable solely from the Net Revenues of the System pledged and appropriated to the Debt Service Account and do not constitute a debt of the Town within the meaning of any constitutional or statutory limitation or provision; and the issuance of the Series 201_B Bond does not cause the indebtedness of the Town to exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF the Town of Stevensville, Ravalli County, State of Montana, by its Town Council, has caused this Bond to be executed on its behalf by the signature of the Mayor, the Town Treasurer and the Town Clerk and sealed with the official corporate seal of the Town, and has caused this Bond to be dated as of _____, 20__.

TOWN OF STEVENSVILLE, MONTANA

Mayor

Town Treasurer

Town Clerk

(SEAL)

PROVISIONS FOR REGISTRATION OF TRANSFER AND EXCHANGE

The ownership of this Series 201_B Bond and of the interest payable hereon may be transferred to a bona fide purchaser only by delivery hereof with an assignment duly executed by the registered owner or his attorney or legal representative, and the Town may treat the registered owner as the person exclusively entitled to receive payments of principal of and interest on this Series 201_B Bond and to exercise all the rights and powers of an owner until this Series 201_B Bond is presented to the Town Treasurer of the Town of Stevensville, Montana, as Bond Registrar, accompanied by said assignment and by assurance of the nature provided by law that the same is genuine and effective, and until such transfer is duly registered on the books of the Town and noted hereon by the Bond Registrar.

REGISTER

The ownership of the unpaid principal balance of this Series 201_B Bond and the interest accruing thereon is registered on the books of the Town of Stevensville, in the name of the registered holder as last noted below:

<u>Date of Registration</u>	<u>Name and Address of Registered Holder</u>	<u>Signature of Town Treasurer</u>
_____ 201_	United States of America, United States Department of Agriculture Office of the Deputy Chief Financial Officer 4300 Goodfellow Blvd. St. Louis, Missouri 63120	_____

NO WRITING HEREON EXCEPT BY TOWN TREASURER
AS BOND REGISTRAR

The Bond Registrar has transferred on the books of the Town of Stevensville, Montana, on the date last noted below, to the registered assign noted opposite said date, ownership of the principal amount of and interest on this Bond, except the amounts of principal and interest theretofore paid:

<u>Date of Transfer</u>	<u>Registered Assign</u>	<u>Signature of Bond Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

May 13, 2015

Mayor Gene Mim Mack
Town of Stevensville
P.O. Box 30
Stevensville, MT 59036

Re: Sewer System Revenue Bonds
Town of Stevensville, Montana

Dear Gene:

We are pleased to submit this letter regarding our serving as bond counsel to the Town of Stevensville, Montana (the "Town") in connection with its issuance of a Sewer System Revenue Bond, Series 2015A in the maximum amount of \$800,000 (the "Series 2015A Bond") and a Sewer System Revenue Bond, Series 2015B in the maximum amount of \$450,000 (the "Series 2015B Bond" and, together with the Series 2015A Bond, the "Bonds") to finance a portion of the costs of certain improvements to the Town's sewer system (the "Project").

The Town has applied to Rural Development ("RD") for loans in the amounts of \$800,000 and \$450,000. The loans will be evidenced by the Series 2015A Bond and the Series 2015B Bond, respectively. The purpose of this letter is to set forth the services we will provide to the Town as bond counsel.

As bond counsel, our principal function is to render an opinion or opinions with respect to the authorization and issuance of the Bonds. In that capacity, we have provided or will provide the following services:

1. coordinate and consult with the Town and RD as to statutory and other requirements related to the issuance of the Bond;
2. prepare the preliminary opinion, resolution, and other preliminary transcript documents for submission to RD consistent with the terms and conditions of the RD Commitment Letter;
3. coordinate approval of documents with RD;
4. prepare the final bond resolution and forms of Bonds;
5. coordinate with the Town's Clerk-Treasurer the adoption of resolutions and other actions to be taken by the Town;

Mayor Gene Mim Mack
May 13, 2015
Page 2

6. coordinate with the Town's consulting engineer the financial requirements of the Project and financial requirements of the sewer system necessary to pay debt service on the Bonds;
7. review sewer rate ordinances and resolutions to confirm they are in effect at the time the Bonds are issued and adopted in accordance with the provisions of law;
8. prepare closing documents and supervise the closing;
9. deliver an unqualified opinion or opinions of bond counsel to the Town and RD, as the purchaser of the Bonds; and
10. deliver a transcript of proceedings to RD and the Town.

The fee for our services is a function of the size of the total Project, the principal amount of the bond issue, whether interim financing is required, and the amount of time expended. Based on the Project as proposed and the fact that RD will require interim financing during construction and that there are two series of Bonds, we estimate a combined fee of approximately \$20,000 for the services listed in items 1 through 10 above as bond counsel in connection with (i) the long-term financing with RD to be evidenced by the Bonds, and (ii) the interim financing to be evidenced by the bond anticipation note (the "Note") described below. We would expect to be paid at the time of closing of the Note for the Note proceedings and bond proceedings then completed and at the time of issuance of the Bonds for the balance of the proceedings relating to the Bonds. Our fees are eligible costs of the Project and can be paid from the proceeds of the Note and Bonds. It is mutually agreed that the services set forth in this letter are solely for the benefit of the Town.

For a financing in excess of \$500,000, RD customarily requires that a Note be issued to evidence construction financing and that the Bonds be issued to evidence the long-term financing. We understand that the Town has applied and been approved for interim financing from the Board of Investments of the State of Montana (the "BOI") through its INTERCAP program, which will purchase the Note in anticipation of the issuance of the Bonds to be issued to RD. We will prepare the necessary Note documents and deliver them to the BOI (or other source of interim financing) with the required legal opinion.

With respect to the Note, we will provide the following services to the Town:

1. Consult with the Town, RD and BOI regarding the legal and financial requirements for the issuance of the Note.
2. Draft the Note and Bond Resolution and prepare the Note.
3. Provide an approving opinion to the BOI and the Town that the Note is a valid and binding obligation.

To issue the Note, Section 7-7-109(2), M.C.A., requires that all conditions precedent to the offering of the Bonds for sale must be met before the Note can be sold and issued.

Mayor Gene Mim Mack
May 13, 2015
Page 3

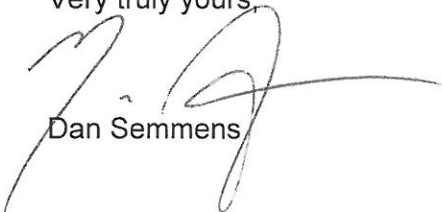
Please be aware that we serve as Bond Counsel to the BOI in connection with the INTERCAP Program. As bond counsel for the Town's Note, we would not represent the BOI in the negotiation of the terms of the Note, the resolution authorizing the Note, or other aspects of the proposed financing. The terms of the Note financing are already established and are dictated by the financing made available from RD. We do not anticipate that our acting as bond counsel to the BOI with respect to the INTERCAP Program will represent any practical impediment to our acting as bond counsel to the Town with respect to the Note, and, in fact, may prove to be helpful to the Town.

We trust that our serving as bond counsel to the Town for its Note and as bond counsel to the BOI with respect to the INTERCAP Program is acceptable to you. If our serving as bond counsel to the Town as outlined herein is acceptable to you, please acknowledge such acceptance by signing below and returning a copy of this letter to us.

Please have this letter signed and return a copy to us if it looks acceptable. In any event, I look forward to hearing from you with any questions you may have.

Please call if you have any questions.

Very truly yours,



Dan Semmens

DPS/dk

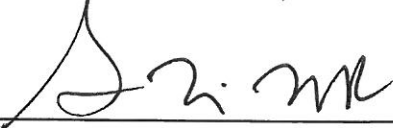
Mayor Gene Mim Mack
May 13, 2015
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ACKNOWLEDGMENT

The undersigned acknowledges receipt of the attached and foregoing engagement letter dated May 13, 2015, and confirms the consent of the Town to the representation described therein.

Accepted this 18th day of May, 2015.

TOWN OF STEVENSVILLE, MONTANA

By: 

Its: MAYOR TOWN OF STEVENSVILLE