

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. 307, entitled: "RESOLUTION AMENDING RESOLUTION NO. 270 RELATING TO THE TOWN'S WATER SYSTEM REVENUE BOND ANTICIPATION NOTE, SERIES 2011, TO EXTEND THE FINAL MATURITY DATE OF THE NOTE" (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 December 20, 2012, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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: Councilperson Klaphake,
Councilperson Holcomb, Councilperson Towle ;
voted against the same: N/A ;
abstained from voting thereon: N/A ;
or were absent: Councilperson Perrin .

WITNESS my hand officially this 20th day of December, 2012.

Stacy Bartlett
Town Clerk

RESOLUTION NO. 307

RESOLUTION AMENDING RESOLUTION NO. 270
RELATING TO THE TOWN'S WATER SYSTEM REVENUE
BOND ANTICIPATION NOTE, SERIES 2011, TO EXTEND
THE FINAL MATURITY DATE OF THE NOTE

WHEREAS, the Town of Stevensville, Montana (the "Borrower"), pursuant to Resolution No. 270 (the "2011 Resolution"), adopted by this Council on March 14, 2011, authorized the issuance and delivery of the Borrower's Water System Revenue Bond Anticipation Note, Series 2011, in the principal amount of \$2,173,000 (the "Original Series 2011 Note") to provide interim financing in order to pay for acquisition, construction and installation of various improvements to the System, including water meter installation and installation of a new transmission main from the well field to the Town and new water supply wells and pump house construction, distribution system improvements, decommissioning of the existing infiltration gallery, construction of a booster station and installation of pressure reducing valves, and related improvements (the "2011 Project," as defined in the 2011 Resolution). The Original Series 2011 Note was issued to the Board of Investments of the State of Montana, in Helena, Montana (the "BOI"), in anticipation of the issuance of the Town's Water System Revenue Bond (the "Definitive Bond"), evidencing a loan (the "Loan") through the United States of America acting through Rural Utilities Service, United States Department of Agriculture (the "USDA") to be issued in an amount not to exceed \$2,173,000 to provide permanent financing for the 2011 Project; and

WHEREAS, under the terms of the Commitment Letter, the USDA will loan the Town a sum not to exceed \$2,173,000 and in evidence of such Loan will purchase the Definitive Bond on or before August 15, 2013; and

WHEREAS, at the time the Town authorized the issuance of the Original Series 2011 Note the estimated completion date of the 2011 Project was expected to be November 30, 2012 and the Definitive Bond was to be issued on or before February 15, 2013; and

WHEREAS, the Town's consulting engineering firm on the 2011 Project is Professional Consultants, Inc., of Missoula, Montana (the "Consulting Engineer"); and

WHEREAS, the Consulting Engineer has determined additional time will be needed to complete the 2011 Project and, accordingly, the final maturity date of the Original Series 2011 Note will need to be extended; and

WHEREAS, the BOI and USDA have agreed to an extension of the final maturity date of the Original Series 2011 Note to August 15, 2013.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE BORROWER, AS FOLLOWS:

Section 1. Definitions. All capitalized terms used in this resolution but not defined herein shall have the meanings as set forth in the 2011 Resolution.

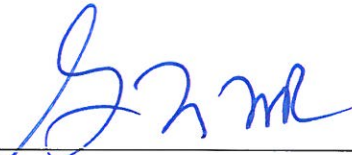
Section 2. Amendments to the 2011 Resolution. The written agreement by the BOI and USDA to extending the maturity date of the Original Series 2011 Note having been obtained, this resolution amends and supplements the 2011 Resolution. All references in the 2011 Resolution to "February 15, 2013" as the maturity date of the Original Series 2011 Note are hereby amended to read "August 15, 2013" and all references to "the maturity date of the Series 2011 Note" or similar references shall mean August 15, 2013.

Section 3. Effect of Amendments. Except as amended hereby, the 2011 Resolution remains unamended and in full force and effect.

Section 4. Authorization of Extension of Final Maturity Date of Note; Amendment of Note. The Town hereby authorizes the extension of the final maturity date of the Original Series 2011 Note to August 15, 2013. The Mayor, the Town Clerk, and the Treasurer are authorized to deliver to the Trustee, in exchange for the Original Series 2011 Note, an executed Amended Series 2011 Note, in substantially the form attached as Appendix A hereto, with the same payment terms as the Original Series 2011 Note, except that the maturity date of the Amended Series 2011 Note shall be August 15, 2013.

Section 5. Effective Date. This resolution shall take effect immediately.

PASSED AND ADOPTED by the Town Council of the Town of Stevensville, Montana, on this 20th day of December, 2012.



Mayor

Attest:



Town Clerk

APPENDIX A

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF RAVALLI

TOWN OF STEVENSVILLE

WATER SYSTEM REVENUE BOND ANTICIPATION NOTE
AMENDED SERIES 2011

No. R-1 \$2,173,000.00

<u>Maturity</u>	<u>Date of Original Issue</u>
August 15, 2013	April 8, 2011

REGISTERED OWNER: BOARD OF INVESTMENTS OF THE STATE OF MONTANA

PRINCIPAL AMOUNT: TWO MILLION ONE HUNDRED SEVENTY-THREE
THOUSAND AND NO/100 DOLLARS

This Amended Series 2011 Note (as hereinafter defined) is given in substitution of and exchange for the Series 2011 Note, dated as of April 8, 2011 (the "Original Series 2011 Note"), which shall be cancelled upon delivery hereof. This Amended Series 2011 Note has the effect of extending the final maturity date of the Original Series 2011 Note from February 15, 2013 to August 15, 2013, but otherwise does not alter the terms of the Original Series 2011 Note.

FOR VALUE RECEIVED, THE TOWN OF STEVENSVILLE, Montana, a municipal corporation and political subdivision of the State of Montana (the "Town"), 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 Water 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 be deemed to have been delivered to the registered owner named above as of April 8, 2011. This Note shall bear interest from April 8, 2011 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 ninety-five

hundredths percent (1.95%) 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 "Amended Series 2011 Note") issued pursuant to, and in anticipation of the issuance by the Town of its Water System Revenue Bond, Series 20__ (the "Definitive Bond"), evidencing a loan (the "Loan") from the United States of America through Rural Utilities Service, United States Department of Agriculture, authorized to be issued under Resolution No. 270 adopted by the Town Council of the Town on March 14, 2011, as amended and supplemented by Resolution No. 307, adopted by the Town Council of the Town on December 20, 2012 (together, 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 Amended Series 2011 Note, the conditions under which additional Bonds may be issued on a parity as to payment with the Amended Series 2011 Note or otherwise, the conditions under which the Resolution may be amended and the rights of the Holders of the Amended Series 2011 Note. The Amended Series 2011 Note is issued by the Town for the purpose of providing interim financing for improvements to the Town's municipal water system (the "System") consisting of water meter installation and installation of a new transmission main from the well field to the Town and new water supply wells and pump house construction, distribution system improvements, decommissioning of the existing infiltration gallery, construction of a booster station and installation of pressure reducing valves, related improvements, and costs of issuance the Amended Series 2011 Note.

This Amended Series 2011 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. This Amended Series 2011 Note is payable from and secured by a lien on the net revenues of the System (as defined in the Resolution, "Net Revenues") and other revenues and income pledged and appropriated and from time to time credited to the Note Account in the Water System Fund (the "Note Account"), including the proceeds of the Definitive Bond, 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 Amended Series 2011 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 Amended Series 2011 Note or interest thereon. This Amended Series 2011 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.

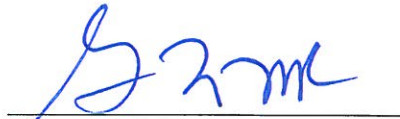
As provided in the Resolution and subject to certain limitations set forth therein, this Note is transferable upon the books of the Town at the office of the Town Treasurer, by the registered owner hereof in person or by his attorney duly authorized in writing upon surrender hereof together with a written 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 Amended Series 2011 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, 2011; that the Town has received a written commitment for the Loan from the United States of America in an amount equal to \$2,173,000 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 Loan 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 Bond, either to the United States of America in evidence of the Loan 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 Water 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 Amended Series 2011 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 and Treasurer, attested by the Town Clerk, sealed with the official corporate seal of the Town, and has caused this Note to be dated effective as of April 8, 2011.



Mayor



Treasurer

Attest:



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>
_____, 2013	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, Ravalli County, 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>

SCHEDULE A

SCHEDULE OF AMOUNTS ADVANCED

Date	Advances	Total Amount Advanced	Notation Made By
04/08/11	\$ 54,753.44	\$ 54,753.44	
05/06/11	49,210.04	103,963.48	
06/10/11	11,898.59	115,862.07	
08/26/11	16,684.38	132,546.45	
07/08/11	6,175.25	138,721.70	
07/29/11	32,112.23	170,833.93	
08/19/11	44,495.67	215,329.60	
09/30/11	45,376.82	260,706.42	
11/18/11	46,644.34	307,350.76	
12/02/11	186,442.13	493,792.89	
12/23/11	55,231.56	549,024.45	
02/03/12	25,401.48	574,425.93	
03/16/12	44,708.64	619,134.57	
03/30/12	16,493.80	635,628.37	
05/04/12	16,670.44	652,298.81	
05/25/12	30,954.50	683,253.31	
06/22/12	10,401.42	693,654.73	
07/27/12	11,991.57	705,646.30	
08/31/12	8,501.12	714,147.42	
09/28/12	7,181.51	721,328.93	
10/19/12	5,056.00	726,384.93	
11/30/12	24,274.87	750,659.80	