

RESOLUTION NO. 2019-04

RESOLUTION RELATING TO THE PURCHASE BY THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION OF A BOND ANTICIPATION NOTE TO BE ISSUED BY THE TOWN OF TWIN BRIDGES IN ANTICIPATION OF ISSUANCE OF A STORM WATER SPECIAL IMPROVEMENT DISTRICT BOND; FIXING THE FORM AND DETAILS, MAKING COVENANTS WITH RESPECT THERETO, AND AUTHORIZING THE ISSUANCE, EXECUTION AND DELIVERY OF THE BOND ANTICIPATION NOTE

BE IT RESOLVED by the Town Council (the “Council”) of the Town of Twin Bridges, Madison County, Montana (the “Town”), as follows:

Section 1. Recitals. Authorization and Sale.

1.01. Background. The Town applied for loans and grants from the Montana Department of Natural Resources and Conservation (“DNRC”), consisting of the purchase by DNRC of the Town’s storm water special improvement district bond in the estimated amount of \$600,000 (the “Anticipated DNRC Loan”) to provide funds under certain conditions to pay for design, acquisition, construction and financing of storm drains, inlets, grates and infiltration structures with grading and fills in various areas of the Town (the “Project”). The Town desires to facilitate the construction of the Project by issuing a Bond Anticipation Note to DNRC detailed below. The Town has obtained a commitment for the purchase of the bond anticipation note from DNRC in the amount of \$250,000, the proceeds of which will be utilized for final design and material acquisition. The Town intends to obtain the remaining construction financing for the Project from DNRC once the Project is successfully bid and the Anticipated DNRC Loan is committed.

1.02. Authorization of Series 2019 Bond Anticipation Note. The Town is a local government entity authorized by, under and pursuant to Montana Code Annotated, Section 7-7-109, to issue a note in anticipation of the issuance and delivery of its bonds or receipt of its grants. The Town has agreed and hereby resolves, to fulfill the conditions required by DNRC for the Anticipated DNRC Loan and, if the Anticipated DNRC Loan is not fully or timely available, the Town intends to obtain permanent long-term funding from local banks. In order for the Town to commence the Project, the Town has determined that it is in its best interest to provide for the issuance and sale of a bond anticipation note to the DNRC in the principal amount of \$250,000 (the “Series 2019 Note”) to pay the final engineering design and to obtain materials. The Town has received an offer from DNRC to lend to the Town an amount up to \$250,000 in anticipation of the receipt of the above-referenced bond proceeds, 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 2019 Note in evidence of such loan in the form and upon the terms and conditions provided in this Resolution.

1.03. Recitals. All acts, conditions and things required by the Constitution and laws of

the State to be done, to exist, to happen and to be performed prior to the issuance of the Series 2019 Note have been done, do exist, have happened, and have been performed in due time, form and manner. Therefore, it is now necessary for this Council to establish the form and terms of the Series 2019 Note, to provide for the security thereof and to issue the Series 2019 Note.

Section 2. The Series 2019 Note.

2.01. General Terms. The Town shall forthwith issue the Series 2019 Note in a principal amount not to exceed \$250,000. The Series 2019 Note shall be dated as of the date of its delivery to DNRC. Upon each disbursement of the Series 2019 Note proceeds, the DNRC shall enter the amount advanced on Schedule A attached thereto under “Advances” and the total amount advanced under this Resolution, including such disbursement, under “Total Amount Advanced.” The Series 2019 Note shall be lettered and numbered R-1 and shall mature, subject to redemption as herein provided, on January 1, 2022 (the “Stated Maturity”), and shall bear interest on the unpaid amounts advanced from the date such amount is advanced at the rate per annum of one and seventy-five 100ths percent (1.75%). Interest shall be computed on the basis of the actual number of days in the year and the actual number of days the Series 2019 Note is outstanding. Principal and interest shall be payable on its Stated Maturity or upon earlier redemption of the Series 2019 Note. The principal of and interest on the Series 2019 Note shall be payable in lawful money of the United States of America by the Town to the registered owner of the Series 2019 Note at its address as it appears in the Note Register of the Town.

2.02. Payment Terms. In order to obtain a disbursement of a portion of the principal of the Series 2019 Note to pay costs of the Project, the Town shall submit to the DNRC a signed request for disbursement on the form prescribed by the DNRC and DNRC that has been approved by the Town, with all attachments required by such form. The DNRC and DNRC will in turn notify the Town whether the signed request warrants a disbursement under the Series 2019 Note. The Town may obtain disbursements only for costs which have been legally incurred and are due and payable. All disbursements of proceeds will be made to the Town only upon proof that an eligible cost was incurred. If all or a portion of a disbursement of principal of the Series 2019 Note is made to reimburse Project costs paid by the Town prior to the date of issuance of the Series 2019 Note, the Town shall present on such issuance date the items required by the above provisions of this Section 2.02 relating to such costs. Upon making each disbursement of principal, the DNRC shall note such disbursement on Schedule A to the Series 2019 Note. The Town’s obligations under this Resolution shall commence on the date hereof unless otherwise provided in this Resolution. However, the obligation to make payments under this Section 2.02 shall commence only upon the first disbursement of proceeds of the Series 2019 Note.

2.03. Registration. The Series 2019 Note shall be fully registered as to both principal and interest and shall initially be registered in the name of and payable to DNRC as original purchaser thereof. The Town Clerk shall act as Note Registrar and as such shall establish and maintain a Note Register for the purpose of recording the names and addresses of the registered owners of the Series 2019 Note and the date of registration of any transfer.

2.04. Redemption. The Series 2019 Note shall be subject to redemption in whole but not in part, on any date, at the principal amount thereof plus accrued interest, upon receipt of 10 days

notice. Not less than 10 days before the date specified for redemption thereof, the Town Clerk shall mail notice of the redemption to the registered owner thereof at the address as it appears on the registration books of the Note Registrar.

2.05. Form of Series 2019 Note. The Series 2019 Note shall be prepared in substantially the form attached as Exhibit A to this Resolution, which is hereby incorporated herein and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution.

2.06. Assignment. The Series 2019 Note shall be transferable by the registered owner or attorney duly authorized in writing upon presentation thereof to the Town Clerk together with a written instrument of transfer satisfactory to the Town Clerk duly executed by the registered owner or its attorney. Such transfer shall be noted on the Series 2019 Note. Upon request of the registered owner or transferee, the Town shall execute and deliver another Series 2019 Note of a principal amount equal to the outstanding principal amount of the Series 2019 Note and maturing at the same time as the Series 2019 Note so transferred, and the Series 2019 Note so surrendered for transfer shall be promptly canceled by the Town Clerk. 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 2.06:

#### ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the \_\_\_\_\_ Bond Anticipation Note, Series 2019, No. R-1, of the Town of Twin Bridges, Madison County, Montana, and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the Series 2019 Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Registered Owner

2.07. Preparation, Execution and Delivery of Series 2019 Note. The Series 2019 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 and Clerk of the Town. When the Series 2019 Note has been so executed, it shall be delivered to DNRC upon receipt of the initial advance heretofore agreed upon, and DNRC shall not be required to see to the application thereof.

2.08. Issuance of the Series 2019 Note: No Further Encumbrance. The Series 2019 Note is issued in anticipation of receipt by the Town of the proceeds to be received of the Anticipated DNRC Loan referenced herein to refund in full and redeem the principal amount of the Series 2019

Note then outstanding. Other than the previously described bond anticipation note to be issued to the DNRC, the Town shall not issue any other obligation payable from the proceeds of the Anticipated DNRC Loan without the prior written consent of the holder of the Series 2019 Note, which consent may be withheld in the sole discretion of such holder.

2.09. Application of Proceeds. All of the proceeds of the Series 2019 Note shall be deposited in an account established for the Project, held and administered by the Town Clerk and used solely to defray expenses of the Project, including but not limited to engineering expenses and the transfer to the Series 2019 Note Account, created pursuant to Section 3.01 of this Resolution, to the extent necessary, of amounts sufficient for the payment of interest and principal due upon the Series 2019 Note.

### Section 3. Security Provisions.

3.01. Series 2019 Note Account. There is hereby established a separate and special Note Account (the “Series 2019 Note Account”) of the Town. The Town irrevocably appropriates to the Series 2019 Note Account the proceeds of the bond or grants referenced herein, and such other money as shall be appropriated to the Series 2019 Note Account from time to time.

Amounts on deposit in the Series 2019 Note Account shall be used solely to pay the principal of and interest on the Series 2019 Note.

3.02. Registered Owner’s Remedies. In the event the Town has not received the proceeds of the Anticipated DNRC Loan on or before the Stated Maturity of the Series 2019 Note, the registered owner of the Series 2019 Note, may at its option and in its sole discretion:

- a. extend, upon request of the Town, the Stated Maturity of the Series 2019 Note to a date (no later than 3 years after the date of the Series 2019 Note) by which the Town anticipates receiving the proceeds of the Anticipated DNRC Loan, but only upon receipt of a letter signed by the Department of Natural Resources and Conservation that the Town is still entitled to the Anticipated DNRC Loan; or
- b. demand that the Town issue and deliver to the registered owner a Storm Water Special Improvement District Bond of the Town, in principal amount sufficient to pay the principal of and interest on the Series 2019 Note, payable from the collection of special improvement funds of the Town’s Storm Water Special Improvement District over a term not to exceed 20 years, in accordance with the provisions of Section 4 hereof.

Section 4. Issuance of Long-Term Limited Obligation Bond/Sufficient Rate and Charges. The Town hereby covenants and agrees for the benefit from time to time of the owners of the Series 2019 Note that on or before the Stated Maturity of the Series 2019 Note, or upon demand of the registered owner as provided for in Section 3.02(b), it will issue and deliver to the registered owner a Storm Water Special Improvement District Bond in an amount sufficient to pay principal of and interest on the Series 2019 Note, payable over 20 years with interest at 2.50% (the “DNRC Long-Term Bond”), which is the rate of interest regularly charged by DNRC for 20 year loans in its SRF Program.

Section 5. Effective Date. All resolutions and parts of resolutions heretofore adopted by this Council which are in conflict herewith are hereby amended so as to conform with the provisions of this resolution, and, as so amended, are hereby ratified and confirmed. This resolution shall become effective upon passage.

Passed and adopted by the Town Council of the Town of Twin Bridges, Montana, on this \_\_\_ day of \_\_\_\_\_, 2019.

Approved:

Attest:

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Clerk

The following Council Members voted in favor of the Resolution:

\_\_\_\_\_  
\_\_\_\_\_

The following Council Members voted against the Resolution:

\_\_\_\_\_  
\_\_\_\_\_

The following Council Members were absent or abstained:

\_\_\_\_\_  
\_\_\_\_\_

EXHIBIT A

UNITED STATES OF AMERICA  
STATE OF MONTANA  
TOWN OF TWIN BRIDGES

STORM WATER SPECIAL IMPROVEMENT DISTRICT  
BOND ANTICIPATION NOTE  
SERIES 2019

No. R-1

Principal Amount: \$250,000

<u>Rate</u>	<u>Date of Maturity</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
1.75%	January 1, 2022	_____, 2019	None

REGISTERED OWNER: DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION OF THE STATE OF MONTANA

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

FOR VALUE RECEIVED, the Town of Twin Bridges, Montana (the "Town"), a political subdivision duly organized and validly existing under the laws of the State of Montana, acknowledges itself to be indebted and hereby promises to pay to the registered owner named above, or registered assigns, but solely out of the Series 2019 Note Account (the "Series 2019 Note Account") in its Storm Water System Fund (the "Fund"), the principal amount specified above, on or before the maturity date specified above, with interest thereon from the date of original issue specified above, at the annual rate specified above, until paid or discharged, all subject to the provisions hereof relating to the redemption of this Note before maturity. Interest hereon is payable at maturity or upon earlier redemption hereof. The interest hereon and the principal hereof are payable in lawful money of the United States of America to the registered owner of this Note as it appears in the Note Register of the Town. The Series 2019 Note is being issued to the Department of Natural Resources and Conservation of the State of Montana, (the "DNRC") as original purchaser in the aggregate principal amount of \$250,000 (the "Series 2019 Note").

The Series 2019 Note shall be dated as of \_\_\_\_\_, 2019. Upon each disbursement of the Series 2019 Note proceeds, the DNRC shall enter the amount advanced on the amortization schedule attached hereto and the total amount advanced under this Resolution. The Series 2019 Note shall be lettered and numbered R-1 and shall mature, subject to redemption as herein provided, on January 1, 2022 (the "Stated Maturity"), and shall bear interest on the principal amount thereof at the rate per annum equal to one and seventy-five 100ths percent (1.75%). Interest shall be computed on the basis of the actual number of days in the year and the actual number of days outstanding. Principal and interest shall be payable on its Stated Maturity or upon earlier redemption of the Series 2019 Note.

This Note is one in number and is issued in anticipation of the receipt of purchase of up to \$600,000 of the Town's Storm Water Special Improvement District Bond by the Montana Department of Natural Resources and Conservation ("DNRC") (as defined in the Note Resolution) and is authorized to be issued under Resolution No. \_\_\_\_ adopted by the Town on \_\_\_\_\_, 2019, (the "Note Resolution"), to which Note 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 2019 Note.

This Series 2019 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 12, Parts 41 and 42, MCA, as amended (the "Act"), and pursuant to the Note Resolution.

The Town may redeem on any date, in whole, any unpaid principal of this Note at a price equal to the principal amount to be redeemed plus interest accrued to the date of redemption. Notice of any such prepayment will be mailed by the Town not less than 10 days prior to the date specified for payment, to the registered holder of this Note.

As provided in the Note 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 Clerk, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Town Clerk, duly executed by the registered owner or the owner's attorney. Upon such transfer, the Town will cause a new Note to be issued in the name of the transferee at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer.

The 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 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 require; that the Town, in and by the Note Resolution, has validly made and entered into covenants and agreements with and for the benefit of the registered owner from time to time of the Series 2019 Note including covenants that the Town has received a written commitment from DNRC that, if the Anticipated DNRC Loan (as defined in the Note Resolution) is not received, the Town will issue a 20 year Special Improvement District Bond in an amount equal to \$250,000 pursuant to the Note Resolution covenanted to satisfy the conditions described in the Note Resolution; that the Town has appropriated to the Series 2019 Note Account the proceeds of the bond to be issued pursuant to Section 4 of the Note Resolution to the extent required to pay principal hereof or interest hereon; that by the Note Resolution, the Town has covenanted that at or prior to the

maturity of this Note, it will sell and issue its Storm Water Special Improvement District Bond, pursuant to the Act and the Note Resolution, in a principal amount so as to provide funds sufficient, together with any grants or money on deposit in the Series 2019 Note Account and available therefor, to pay in full the principal of and interest on this Note as set forth in the Note Resolution punctually and faithfully; 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 Council of the Town of Twin Bridges, Montana, has caused this Note to be executed on its behalf by the signature of the Mayor and attested by the Town Clerk and has caused this Note to be dated as of \_\_\_\_\_, 2019.

Attest:

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Town Clerk



The ownership of this Note and of the interest payable hereon may be transferred to a bona fide purchaser only by delivery with an assignment duly executed by the registered owner or the owner's attorney or legal representative, and the Town may treat the registered owner or the owner's attorney or legal representative, as the person exclusively entitled to receive payments of principal of and interest on this Note and to exercise all the rights and powers of an owner until this Note is presented to the Town Clerk of the Town of Twin Bridges, Madison County, Montana 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 Clerk.

NO WRITING HEREON EXCEPT BY TOWN CLERK  
AS NOTE REGISTRAR

The Town Clerk has transferred on the books of the Town of Twin Bridges, 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 Clerk</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____