

RESOLUTION NO. 2021-10

RESOLUTION RELATING TO THE ISSUANCE BY THE FOUR CORNERS COUNTY WATER AND SEWER DISTRICT, GALLATIN COUNTY, MONTANA, OF ITS FOUR CORNERS WATER AND SEWER DISTRICT SPECIAL ASSESSMENT REFUNDING BONDS, SERIES 2021A, AT AN ESTIMATED PAR VALUE OF \$14,952,314, AND ITS FOUR CORNERS WATER AND SEWER DISTRICT REVENUE REFUNDING BOND, SERIES 2021B, AT AN ESTIMATED PAR VALUE OF \$5,328,537, IN ONE OR MORE SERIES; APPROVING THE FORM OF DOCUMENTS IN CONNECTION THEREWITH; DELEGATING THE DETERMINATION OF FIXING THE DATE, FORM, MATURITIES, INTEREST RATES, TERMS, PAYMENT AND REDEMPTION PROVISIONS OF THE BONDS; APPROVING THE FORM OF THE BOND PURCHASE CONTRACT AND AUTHORIZING THE FINANCE DIRECTOR TO EXECUTE THE BOND PURCHASE CONTRACT; DELEGATING CERTAIN ACTIONS IN CONNECTION WITH THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF THE BONDS AND RELATED DOCUMENTS AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

Definitions: All capitalized terms contained herein but not herein defined have the definition given them in the Indenture of Trust and Pledge, dated as of October 7, 2021, between the District and U.S. Bank National Association (the "Trust Indenture").

WHEREAS, the Four Corners County Water and Sewer District, Gallatin County, Montana (the "District") is authorized by Title 7, Chapter 13, Part 23, Montana Code Annotated, to issue refunding bond to refunding outstanding bonded indebtedness, without an election, after the District adopts a resolution setting forth the facts regarding the outstanding bonds that are to be redeemed, the reasons for issuing the refunding bonds, and the terms and details of the refunding bond issue; and

WHEREAS, on November 17, 2015, the District passed Resolution No. 2015-10, which authorized the issuance of its \$3,940,000 Water System Revenue Bond, Series 2015 (the "Series 2015 Water Revenue Bond"), with U.S.D.A. as the initial purchaser-accruing interest at an annual rate of 3.25% and maturing on September 23, 2035, and also passed Resolution No. 2015-11, which authorized the issuance of its \$3,060,000 Wastewater System Revenue Bond (Coal Severance Tax Loan Program) Series 2015 (the "Series 2015 Wastewater Revenue Bond"), with DNRC as the initial purchaser-- accruing interest at an annual rate of 3.00% and maturing on November 1, 2035; and

WHEREAS, on November 23, 2015, the District passed Resolution No. 2015-14, which authorized its \$6,700,000 Water System Special Assessment Bond, Series 2015 (the "Series 2015 Water Special Assessment Bond"), with U.S.D.A. as the initial purchaser-

accruing interest at an annual rate of 3.25% and maturing on December 23, 2045, and also passed its Resolution No. 2015-15 which authorized the issuance of its \$9,300,000 Wastewater System Special Assessment Bond (DNRC Water Pollution Control State Revolving Loan Program) Series 2015 (the “Series 2015 Wastewater Special Assessment Bond”)—accruing interest at an annual rate of 2.50% and maturing on January 1, 2046; and

WHEREAS, on December 23, 2015, the District issues the Series 2015 Wastewater Revenue Bond, the Series 2015 Wastewater Special Assessment Bond, the Series 2015 Water Revenue Bond, and the Series 2015 Water Special Assessment Bond; and

WHEREAS, on August 20, 2019, the District passed Resolution No. 2019-09, which authorized the issuance of its Wastewater System Bonds (DNRC Water Pollution Control State Revolving Loan Program), consisting of a \$300,000 Revenue Subordinate Lien Taxable Series 2019A Bond (the “Series 2019A Wastewater Bond”), which pursuant to conditions outlined in Resolution No. 2019-09, was forgiven, and a \$11,300,000 Special Assessment Bond, Series 2019B (the “Series 2019 Wastewater Special Assessment Bond”); and

WHEREAS, on August 27, 2019, the District issued the Series 2019A Bond and the Series 2019 Wastewater Special Assessment Bond; and

WHEREAS, the District has inquired regarding savings available if it currently refunds the Series 2015 Water Special Assessment Bond and the Series 2015 Wastewater Special Assessment Bond (collectively the “2015 Special Assessment Bonds”) with a Series 2021A Special Assessment Refunding Bond and the Series 2015 Water Revenue Bond and Series 2015 Wastewater Revenue Bond (collective the “Original Revenue Bonds”) with a Series 2021B Revenue Refunding Bond to take advantage of favorable market conditions and interest rate savings; and

WHEREAS, the District has received an offer from Oppenheimer & Co. Inc. acting as Underwriter (“Oppenheimer”), to purchase and market the bonds via a public offering as insured bonds; and

WHEREAS, Oppenheimer has procured an offer to insure the Series 2015 Special Assessment Bonds and the Original Revenue Bonds from Assured Guaranty Municipal Corporation (the “Bond Insurer”) and estimates that such public offering, given current market conditions, would result in serial bonds with an average annual interest rate of 1.83%,--which is a True Interest Cost of 2.28% on the Series 2015 Special Assessment Bonds and a True Interest Cost of 1.79% on the Original Revenue Bonds (the “Estimated Interest Savings”); and

WHEREAS, Oppenheimer’s Estimated Interest Savings would result in an estimated net present value savings of \$540,679.23 on the Series 2021A Special Assessment Refunding Bonds and \$405,519.20 on the Series 2021B Revenue Refunding Bonds; and

WHEREAS, reduced debt service reserve requirements are estimated to release restrictions on approximately \$433,000 of District funds presently restricted as reserves for the 2015 Special Assessment Bonds and the Original Revenue Bonds; and

WHEREAS, the Series 2021A Special Assessment Refunding Bonds shall be payable from the levy of the 2015 Special Assessments against the properties benefited by the 2015 Improvements, provided, however, that if, from any cause, the 2015 Special Assessments are inadequate to pay the principal thereof and interest thereon when due, the Board of the District is required by law to estimate to the Board of County Commissioners of Gallatin County, Montana, the amount required for such purposes and the Board of County Commissioners must thereupon levy upon lands in the District benefitted by the Project funded in part by the Original Revenue Bonds, exclusive of exempt lands, an assessment designated as a “water and sewer district bond tax” in an amount sufficient to provide for such deficiency but not exceeding such benefit; and

WHEREAS, the Series 2021B Revenue Refunding Bonds shall be payable solely from the Net Revenues of the System as defined in Resolution Nos. 2015-10 and 2015-11 provided, however, that if, from any cause, Net Revenues of the System are inadequate to pay the principal thereof and interest thereon when due, the Board of the District is required by law to estimate to the Board of County Commissioners of Gallatin County, Montana, the amount required for such purposes and the Board of County Commissioners must thereupon levy upon lands in the District benefitted by the Project funded in part by the Original Revenue Bonds, exclusive of exempt lands, an assessment designated as a “water and sewer district bond tax” in an amount sufficient to provide for such deficiency but not exceeding such benefit; and

WHEREAS, given the estimated savings and estimated release of reserves, the Board hereby determines that it is reasonable, necessary, and prudent at this time to issue the Bonds as provided herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FOUR CORNERS COUNTY WATER & SEWER DISTRICT, GALLATIN COUNTY, MONTANA, AS FOLLOWS:

Section 1. Authorization.

1.01. Refinancing and Bonds. The District shall issue its Four Corners Water and Sewer District Special Assessment Refunding Bond, Series 2021A, at a presently estimated par value of \$14,952,314, and its Four Corners Water and Sewer District Revenue Refunding Bond, Series 2021B, at a presently estimated par value of \$5,328,537 in one or more series (the “Bonds”), to finance a portion of the costs of refinancing the Series 2015 Special Assessment Bonds and the Original Revenue Bonds and paying the costs of issuing said Bonds (the “Refinancing Project”). The Bonds shall be sold to the Oppenheimer (the “Underwriter”) pursuant to the contract between the District and the Underwriter pertaining to the sale, issuance and delivery of the Bonds, as more fully described in Section 3 of this Resolution (the “Bond Purchase Contract”).

The District will agree to apply the proceeds of the Bonds to the payment of costs of the Refinancing Project and to repay the Bonds at such times and in such amounts to provide for the prompt payment of the principal of and interest on the Bonds. Certain rights of the District and the Bondholders will be assigned to the Trustee, as trustee, and not in its individual capacity under the Trust Indenture. The disbursement of the proceeds of the Bonds will be governed by the Trust Indenture.

The Series 2021A Special Assessment Refunding Bonds shall be payable from the levy of the 2015 Special Assessments against the properties receiving benefit from the 2015 Improvements, provided, however, that if, from any cause, the 2015 Special Assessments are inadequate to pay the principal thereof and interest thereon when due, the Board of the District is required by law to estimate to the Board of County Commissioners of Gallatin County, Montana, the amount required for such purposes and the Board of County Commissioners must thereupon levy upon lands in the District benefitted by the Project funded in part by the Original Revenue Bonds, exclusive of exempt lands, an assessment designated as a “water and sewer district bond tax” in an amount sufficient to provide for such deficiency but not exceeding such benefit.

The Series 2021B Revenue Refunding Bonds shall be payable solely from the Net Revenues of the System as defined in Resolution Nos. 2015-10 and 2015-11 provided, however, that if, from any cause, Net Revenues of the System are inadequate to pay the principal thereof and interest thereon when due, the Board of the District is required by law to estimate to the Board of County Commissioners of Gallatin County, Montana, the amount required for such purposes and the Board of County Commissioners must thereupon levy upon lands in the District benefitted by the Project funded in part by the Original Revenue Bonds, exclusive of exempt lands, an assessment designated as a “water and sewer district bond tax” in an amount sufficient to provide for such deficiency but not exceeding such benefit.

This Resolution is the “Bond Resolution” as defined in the Trust Indenture.

1.02. Documentation. Draft forms of the following documents relating to the Project have been prepared and submitted to the Board, and are hereby directed to be filed with the District Secretary:

- (a) the Bonds;
- (b) the Trust Indenture; and
- (c) the Bond Purchase Contract;

The above documents, together with any other loan documents pertaining to the financing of the Refinancing Project, are referred to herein as the “Bond Documents”. A form of the Bonds is attached to the Trust Indenture as Exhibits A-1 and A-2, and are hereby incorporated herein and made a part hereof.

Section 2. Findings.

It is hereby found, determined and declared that:

(a) given the estimates provided by the Underwriter and the savings restrictions placed herein on the final bond issuance, the Refinancing Project satisfies all conditions for issuing refunding bonds under Section 7-132332, MCA;

(b) the financing of the Refinancing Project, the issuance and sale of the Bonds, the execution and delivery of the Bonds, the Trust Indenture, the Bond Purchase Contract, and all other acts and things required under the Constitution and

laws of the State of Montana to make the Bonds, the Trust Indenture, and the Bond Purchase Contract binding obligations of the District in accordance with their terms, are authorized by the laws of the State of Montana;

Section 3. Authorization and Approval of the Project and Documents. The District is hereby authorized to finance all or a portion of the cost of the Refinancing Project, as provided in the Bonds, Trust Indenture, and the Bond Purchase Contract. The Refinancing Project and the issuance of the Bonds to finance the cost thereof is hereby approved in the event that the Bond Purchase Contract is executed as provided in this Section 3. The form of the Bonds, Trust Indenture, and Bond Purchase Contract referred to in Section 1.02 are approved, subject to the terms of this Resolution and such modifications as are deemed appropriate, and approved, as appropriate and to the extent required, by the District President, which approval shall be conclusively evidenced by execution of the Bonds, Trust Indenture, and Bond Purchase Contract by the President of the District and the District Secretary. The Bonds, Trust Indenture, and Bond Purchase Contract are authorized and directed to be executed and delivered in the name and on behalf of the District by the District President and District Secretary. Moreover, the District President and District Secretary, are authorized to review, execute, and deliver, any additional documents as may be necessary or appropriate for the District to execute and deliver in connection with the Bond Documents, and the approval of such documents by the Board shall be presumed and conclusively evidenced by the execution of such documents by the District President and District Secretary. In the event of the absence or inability of the District President or District Secretary to execute and deliver any of the foregoing documents, another member of the Board in the case of the President, and the in-absentia officer in the case of Secretary, are authorized to execute and deliver such documents. Copies of all of the documents shall be delivered, filed and recorded as provided therein.

The District hereby approves the Bond Purchase Contract in substantially the form provided to the Board herewith, except for the omission of information dependent upon the pricing of the Bonds, such as offering prices, interest rates, optional redemption provisions, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates and other terms of the Bonds dependent on the foregoing matters. The Bonds shall be sold to the Underwriters pursuant to the Bond Purchase Contract. The District President and the District Secretary are each hereby authorized and directed to execute the Bond Purchase Contract and cause the Bonds to be delivered to the Underwriters at such time as the following conditions are satisfied:

- (a) the True Interest Cost of the Series 2021B Revenue Refunding Bonds and the True Interest Cost of the Series 2021A Special Assessment Refunding Bonds is such that net present value savings are realized by the Refinancing Project, with True Interest Cost being defined as the yield that, when discounting all future principal and interest payments to the delivery date of the Bonds, produces a present value equal to the principal amount of the Bonds, less the Underwriters' discount, plus any original issue premium, less any original issue discount, plus accrued interest, if any; and/or
- (b) the release of required presently obligated District reserve funds allowed by the Refunding Project is determined by the District President to provide a substantial benefit to the District.

Prior to executing the Bond Purchase Contract, the District's Bond Counsel shall cause the following information to be included in the Bond Purchase Contract:

- (a) the date of the Bond Purchase Contract;
- (b) the purchase price for the Bonds and its components;
- (c) the terms to be established in the Bond Purchase Contract including the principal and interest payment dates;
- (d) the date the Bonds are to be delivered to the Underwriter, which shall not be later than December 31, 2021;
- (e) the yield and price for each maturity of the Bonds; and
- (f) the optional and mandatory redemption provisions pertaining to the Bonds.

The District President is authorized to approve additions, deletions or alterations to the Bond Purchase Contract or any other document or certificate related hereto so long as such additions, deletions or alterations do not substantially alter the intent and substance of this Resolution.

Section 4. The Bond Terms, Sale and Execution.

4.01. Issuance. The District shall issue its Four Corners Water and Sewer District Special Assessment Refunding Bond, Series 2021A and its Four Corners Water and Sewer District Revenue Refunding Bond, Series 2021B, in substantially the form attached as Exhibit A-1 and Exhibit A-2 to the Trust Indenture, and upon the terms set forth in such form, in the Trust Indenture, and in this Resolution. Financing the Refinancing Project with proceeds of the Bonds will be contingent upon the District and the Underwriter coming to agreement on the final terms and conditions of the transaction.

4.02. Terms. The Bonds shall be issued in one or more series and shall bear interest as set forth therein and shall be dated as of their date of delivery to the Underwriters.

4.03. Prepayment. The principal of the Bonds shall be subject to prepayment at times and upon the terms and conditions set forth in the Bonds and the Bond Purchase Contract.

4.04. Registrar Appointed. The Trustee is hereby appointed as registrar, authenticating agent, paying agent and transfer agent with respect to the Bonds, subject to the terms and conditions of the Trust Indenture.

4.05. Sale and Delivery of the Bonds and Taking of Other Actions Authorized.

The Board hereby authorizes and directs each of the District President, District Secretary, District Manager, District Administrator, and Jackson, Murdo & Grant P.C., as Bond Counsel, to execute and deliver the Bonds to the Underwriters and to take such other actions as may be necessary for the proper application and use of the proceeds of the sale thereof, including:

A. preparing the preliminary and final official statement regarding the Bonds,
and

B. executing such certificates and receipts as may be necessary to properly document the sale and issuance of the Bonds.

In addition, the District President, District Secretary, District Manager, District Administrator, and Jackson, Murdo & Grant P.C., as Bond Counsel, are hereby authorized by the Board to execute and deliver such other certificates, agreements and documents, and to take such other actions on behalf of the District as may be reasonable and necessary:

A. to facilitate the issuance and sale of the Bonds; and

B. in connection with any matters related thereto, until the final maturity date of the Bonds or redemption, whichever occurs first.

4.06. Preliminary and Final Official Statement. The District hereby approves and confirms all acts undertaken by its officers, employees, and agents with respect to the preparation of the preliminary official statement with respect to the Bonds.

The District hereby delegates authority to the District Manager and/or District Administrator to determine all acts undertaken by its officers, employees, and agents with respect to the preparation and distribution of, and to approve on behalf of the District, the preliminary official statement with respect to the Bonds, and to deem such preliminary official statement final as of its date except for the omission of information dependent upon the pricing of the issue and the completion of the Bond Purchase Contract, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates and other terms of the Bonds dependent on the foregoing matters.

The District agrees to cooperate with the Underwriters to deliver or cause to be delivered, within seven business days from the date of the Bond Purchase Contract and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, copies of a final official statement in sufficient quantity to comply with the rules of the MSRB and paragraph (b)(4) of SEC Rule 15c2-12.

PASSED AND ADOPTED on the 21st day of September, 2021.

FOUR CORNERS COUNTY WATER
AND SEWER DISTRICT

By: Nancy A. Filikema
Vice President

ATTEST:

By: Willy Meneke
Secretary