

RESOLUTION NO. 2016-108

RESOLUTION RELATING TO UP TO \$4,000,000 IN  
PRINCIPAL AMOUNT OF OPEN SPACE GENERAL  
OBLIGATION BONDS, SERIES 2017; AUTHORIZING THE  
ISSUANCE AND PRIVATE NEGOTIATED SALE THEREOF

BE IT RESOLVED by the Board of County Commissioners (the "Board") of the Lewis and Clark County, Montana (the "County"), as follows:

Section 1. Recitals. The electors of the County at an election duly called, noticed and held on November 4, 2008, authorized this Board to issue and sell \$10,000,000 in the aggregate principal amount of general obligation bonds of the County for the purpose of preserving open space lands in Lewis and Clark County, including working lands and land for protecting water and wildlife, by providing funds to acquire conservation easements or other property interests from willing sellers, for any one or more of the following reasons: protecting drinking water sources and ground water quality; protecting water quality in and along rivers and streams; conserving working farm, ranch and forest lands; protecting wildlife areas; preserving open lands and natural areas; providing for recreation; and managing growth and development (the "Open Space Program") and paying costs associated with the sale and issuance of the bonds. The County has determined at this time to issue and sell general obligation bonds of the County (the "Series 2017 Bonds") to pay or reimburse the County for eligible costs of open space projects. The County previously issued bonds in 2010 in the total principal amount of \$3,000,000 to finance a portion of the eligible costs of open space projects. The indebtedness to be evidenced by the Series 2017 Bonds and all other indebtedness of the County does not exceed the limitation set forth in Section 7-7-2101, M.C.A.

Section 2. Sale of Series 2017 Bonds; Bond Purchase Agreement. Pursuant to Montana Code Annotated, Sections 7-7-2254 and 17-5-107, this Board hereby determines that it is in the best interests of the County to sell the Series 2017 Bonds through a negotiated sale that will result in competitive pricing in the public market. D.A. Davidson & Co., headquartered in Great Falls, Montana (the "Purchaser"), will serve as underwriter of the Series 2017 Bonds.

The Series 2017 Bonds shall be sold on terms and at a purchase price within the following limitations:

(1) underwriter's discount shall not exceed 0.90% of the principal amount of the Series 2017 Bonds, exclusive of original issue premium or discount;

(2) the aggregate principal amount of the Series 2017 Bonds shall not exceed \$4,000,000;

(3) the true interest cost (TIC) of the Series 2017 Bonds shall not exceed 4.50% per annum;

(4) the Series 2017 Bonds shall be subject to redemption on a date that is not later than one-half their term; and





(5) the term of the Series 2017 Bonds shall not exceed twenty (20) years.

All costs of issuing the Series 2017 Bonds (including, without limitation, underwriter's discount, fees and expenses of bond counsel, fees of the paying agent and registrar, rating agency fees and related costs, Preliminary and final Official Statement costs, Depository Trust Company fees, CUSIP costs, costs of printing the Series 2017 Bonds, and miscellaneous expenses, if any) shall be paid by the County from proceeds of the Series 2017 Bonds.

The Chair of the Board of County Commissioners and the County Finance Director are hereby authorized and directed to approve the principal amounts, purchase price, maturity dates, redemption provisions, basic and additional interest rates, original issue discount and premium, and conditions pertaining to the purchase and sale of the Series 2017 Bonds, subject to the limitations contained above in this Section 2. Upon approving such terms, the Chair of the Board of County Commissioners and the County Finance Director are hereby authorized and directed to approve, execute and deliver a bond purchase agreement (the "Bond Purchase Agreement"), containing the agreement of the County to sell, and the agreement of the Purchaser to purchase, the Series 2017 Bonds on the terms so approved, and containing such other provisions as such officers shall deem necessary and appropriate. In the event of the absence or disability of either the Chair of the Board of County Commissioners or the County Finance Director, another member or members of this Board shall make such approvals and execute and deliver the Bond Purchase Agreement. The execution and delivery by not less than two appropriate officers of the County of the Bond Purchase Agreement shall be conclusive as to the approval of such officers of the terms of the Series 2017 Bonds and the agreement of the County to sell the Series 2017 Bonds on such terms in accordance with the provisions thereof.

Section 3. Form. The form and details of the Series 2017 Bonds and the security therefor shall be prescribed by a subsequent resolution to be adopted by this Board.

Section 4. Preliminary Official Statement. The Chair of the Board of County Commissioners and the County Finance Director, and other officers of the County, in cooperation with D.A. Davidson & Co., as underwriter, and Dorsey & Whitney LLP, as Bond Counsel to the County, are hereby authorized and directed to prepare a Preliminary Official Statement to be distributed by the Purchaser to potential purchasers of the Series 2017 Bonds. Each of the Chair of the Board of County Commissioners and the County Finance Director (or in the event of the absence or disability of either of the Chair of the Board of County Commissioners or the County Finance Director, another member of this Board) is hereby authorized and directed on behalf of the County to approve the Preliminary Official Statement, and to deem it a "final" official statement as of its date in accordance with Rule 15c2-12(b)(1) promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934, and to authorize the Purchaser to distribute the Preliminary Official Statement.

Section 5. Reimbursement Expenditures.

(a) The United States Department of Treasury has promulgated final regulations governing the use of proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the County for project expenditures paid by the County prior to the date of issuance of such bonds. Those regulations (Treasury Regulations, Section 1.150-



2) (the "Regulations") require that the County adopt a statement of official intent to reimburse an original expenditure not later than 60 days after payment of the original expenditure. The Regulations also generally require that the bonds be issued and the reimbursement allocation made from the proceeds of the bonds within 18 months (or three years, if the reimbursement bond issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) after the later of (i) the date the expenditure is paid or (ii) the date the project is placed in service or abandoned, but (unless the issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) in no event more than three years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the bonds.

(b) Other than (i) expenditures to be paid or reimbursed from sources other than the bonds, (ii) expenditures permitted to be reimbursed under the transitional provision contained in Section 1.150-2(j)(2) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a "de minimus" amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures for a project within the scope of this resolution have been paid by the County before the date 60 days before the date of adoption of this resolution.

(c) The County reasonably expects to reimburse the expenditures made for costs of such a project out of the proceeds of bonds in an estimated maximum aggregate principal amount of up to Four Million and No/100 Dollars (\$4,000,000.00) after the date of payment of all or a portion of the costs of such a project. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the bonds or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations.

(d) As of the date hereof, there are no County funds reserved, allocated on a long-term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures related to such a project, other than pursuant to the issuance of the bonds. The statement of intent contained in this resolution, therefore, is determined to be consistent with the County's budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof.

(e) The County's Finance Director shall be responsible for making the "reimbursement allocations" described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the bonds to reimburse the source of temporary financing used by the County to make prior payment of the costs of the project. Each allocation shall be evidenced by an entry on the official books and records of the County maintained for the bonds or the project and shall specifically identify the actual original expenditure being reimbursed.

PASSED AND ADOPTED by the Board of County Commissioners of Lewis and Clark County, Montana, this 20th day of December, 2016.

BOARD OF COUNTY COMMISSIONERS  
LEWIS AND CLARK COUNTY,  
MONTANA

By Michael Murray, Chairman  
Commissioner

By [Signature]  
Commissioner

By [Signature]  
Commissioner

