

FORM OF ASSIGNMENT

For value received, this Bond is hereby transferred and assigned by the undersigned holder, without recourse, to _____ on this _____ day of _____.

By: EXAMPLE
(authorized signature)

For: EXAMPLE
(Holder)



Lewis & Clark County

COUNTY

3120738

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Bk-M35 Pg-7840

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF LEWIS AND CLARK
RURAL IMPROVEMENT DISTRICT NO. 97-2
(TEN MILE CREEK ESTATES)

\$23,683.92 RURAL IMPROVEMENT DISTRICT BOND NO. 2006-7

Interest at the rate per annum specified below
Payable August 15, 2007 and
semiannually thereafter
on the 15th day of February
and the 15th day of August in each year.

No. 2006-7

\$23,683.92

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
Variable	February 15, 2014	December 29, 2006

REGISTERED OWNER:

BOARD OF INVESTMENTS

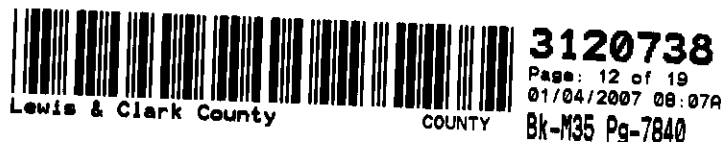
PRINCIPAL AMOUNT:

TWENTY-THREE THOUSAND SIX HUNDRED EIGHTY-THREE
DOLLARS AND NINETY-TWO CENTS

The County Treasurer of Lewis and Clark, Montana, will pay to the Board of Investments of the State of Montana, or registered assigns, on the maturity date specified above the principal amount of TWENTY-THREE THOUSAND SIX HUNDRED EIGHTY-THREE DOLLARS AND NINETY – TWO CENTS (\$23,683.92), in principal installments on each February 15 and August 15 in the years and in the principal amounts set forth on Schedule A attached, solely from the revenues hereinafter specified, as authorized by Resolution No. 2006-142 adopted Dec. 21, 2006 (the "Resolution"), all subject to the provisions hereinafter described relating to the redemption of this Bond before maturity.

Unpaid principal installments of this Bond shall bear interest from the date of delivery of the Bond at the rate per annum equal to the Loan Rate (as hereinafter defined), as determined from time to time, for the periods hereinafter described. Interest shall be payable on each February 15th and August 15th commencing August 15, 2007, to the owners of record of this Bond as such appear on the bond register on the date of payment, whether or not such day is a business day. This Bond shall represent all the principal installments of the issue.

For purposes of this Bond, "Loan Rate" shall mean for the period from the date of original registration of the Bond until February 15, 2007, the rate of four and seventy-five hundredths percent (4.75%) per annum, and each twelve-month or shorter period thereafter during the term of this Bond commencing on February 16th and concluding on February 15th in the next succeeding year an annual interest rate specified by the Trustee and calculated as provided under the Indenture (each as defined in the Resolution), which rate generally shall be equal to the sum of (i) the interest rate on the Board Bonds (as defined in the Resolution) during such period (which interest rate may not exceed fifteen percent (15%) per annum) plus (ii) a rate, not to exceed one and one-half percent (1.50%) per annum, sufficient to produce the amount necessary to pay the County's share of Program Expenses (as defined in the Resolution). The principal of and interest on this Bond are payable in lawful money of the United States of America.



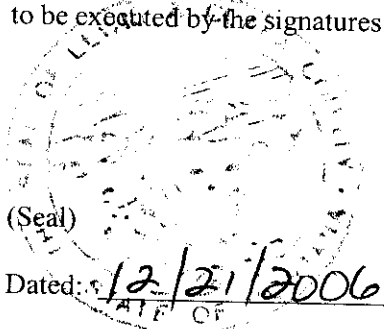
This Bond comprises an issue in the aggregate principal amount of \$23,683.92 and is issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 12, Part 21 to finance the costs of certain local improvements (the "Improvements") for the special benefit of property located in Ten Mile Creek Estates Rural Improvement District No. 97-2 of the County (the "District"). Reference is made to the Resolution for a more complete statement of the terms and conditions upon which this Bond has been issued. The Bond is issuable only as a single, fully registered bond.

This Bond is payable from the collection of a special tax or assessment levied upon all assessable real property within the boundaries of the District, in an aggregate principal amount of not less than \$23,683.92, except as such amount may be reduced or increased in accordance with provisions of Montana law. Such assessments constitute a lien against the assessable real estate within the District, and this Bond is not a general obligation of the County's.

The principal installments of this Bond are subject to mandatory redemption in order of registration on any interest payment date if, after paying all principal and interest then currently due on this Bond, there are monies available in or to the credit of the Rural Improvement District Fund of the County, either from the prepayment of assessments levied in the District or from surplus proceeds of the Bond not required to pay costs of the Improvements, for the redemption thereof, and in the manner provided for the redemption of the same. The principal installments of this Bond are subject to redemption at the option of the County from other sources of funds available therefor on any interest payment date. The redemption price is equal to the amount of the principal installment or installments of the Bond to be redeemed plus interest accrued thereon to the date of redemption, without premium. The date of redemption shall be fixed by the County Treasurer, who shall give notice by first class mail, postage prepaid, to the owner or owners of this Bond at their addresses shown on the bond register, of the numbers of the principal installments to be redeemed and the date on which payment will be made, which date shall not be less than ten days after the date of mailing of notice, on which date so fixed interest shall cease. On the date so fixed interest on the principal installments of this Bond so redeemed shall cease to accrue.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all things required to be done precedent to the issuance of this Bond have been properly done, happened and been performed in the manner prescribed by the laws of the State of Montana and the resolutions and ordinances of the County of Lewis and Clark, Montana, relating to the issuance thereof.

IN WITNESS WHEREOF, the County of Lewis and Clark, Montana, by its Commission, has caused this Bond to be executed by the signatures of the Commission Chair and the County Clerk, and by the official seal of the County.



County of Lewis and Clark MONTANA
Anita L. Varone

Commission Chair Anita L. Varone
Paulette DeHart

County Clerk of the Board Paulette DeHart


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CERTIFICATE OF REGISTRATION

This Bond and the principal installments hereof have been registered as required by law on the books of the County as of the 21st day of December, 2006.

Pauline A. Schmitt
County Treasurer

REGISTRATION AND TRANSFER

This Bond shall be fully registered as to both principal and interest. No transfer of this Bond shall be valid unless and until (1) the registered holder of the Bond, or his duly authorized attorney or legal representative, executes the form of assignment appearing on this Bond, and (2) the County Treasurer, or any successor appointed by the County, as bond registrar (the "Registrar"), has duly noted the transfer on the Bond and recorded the transfer on the Registrar's registration books. The County shall be entitled to deem and treat the person in whose name this Bond is registered as absolute owner thereof for all purposes, notwithstanding any notice to the contrary. Payments on account of the Bond shall be made only to the order of the registered holder thereof, and all such payments shall be valid and effectual to satisfy and discharge the County's liability upon the Bond to the extent of the sum or sums so paid.

THE FOLLOWING ENTRIES ARE TO BE MADE ONLY BY THE BOND REGISTRAR UPON REGISTRATION OF EACH TRANSFER

The County Treasurer of the County of Lewis and Clark, Montana, or any successor appointed by the County, acting as Bond Registrar, has transferred, on the books of the County, on the date last noted below, ownership of the principal amount of and the accrued interest on this Bond to the new registered holder noted next to such date, except for amounts of principal and interest theretofore paid.

<u>Date of Transfer</u>	<u>Name of New Registered Holder</u>	<u>Signature of Bond Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____


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FORM OF ASSIGNMENT

For value received, this Bond is hereby transferred and assigned by the undersigned holder, without recourse, to _____ on this _____ day of _____, 2006.

By: _____
(authorized signature)

For: _____
(Holder)

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MONTANA BOARD OF INVESTMENTS
ANNUAL ADJUSTABLE RATE TENDER OPTION
MUNICIPAL FINANCE CONSOLIDATION ACT BONDS
(INTERCAP REVOLVING PROGRAM)

Municipality:	Lewis & Clark County	Final Loan Payment:	February 15, 2014
Total Loan Commitment:	\$23,683.92	Total # of Loan Payments:	14
Total Draws to Date:	0.00	Loan/Draw Number:	2098 1
This Draw Down:	23,683.92	Date of this Draw:	December 29, 2006
Remaining Loan Commitment:	\$0.00	Date of Loan Agreement:	December 29, 2006
Project:	Ten Mile Creek Estates RID	Series:	97

<u>Payment Due</u>	<u>Interest Rate</u>	<u># Days Due</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>O/S Loan Balance</u>	<u>Total Amount of Payment</u>
			Beginning Balance		23,683.92	
02/15/07	4.750%	48	147.94	0.00	23,683.92	* Please see Comments
08/15/07		181		1,598.41	22,085.51	
02/15/08		184		1,479.50	20,606.01	
08/15/08		182		1,521.62	19,084.38	
02/15/09		184		1,552.61	17,531.77	
08/15/09		181		1,595.38	15,936.39	
02/15/10		184		1,626.74	14,309.65	
08/15/10		181		1,671.28	12,638.37	
02/15/11		184		1,705.71	10,932.65	
08/15/11		181		1,750.83	9,181.83	
02/15/12		184		1,788.48	7,393.35	
08/15/12		182		1,833.71	5,559.64	
02/15/13		184		1,875.58	3,684.06	
08/15/13		181		1,921.56	1,762.49	
02/15/14		184		1,762.49	0.00	
				23,683.92		

COMMENTS:

Interest payment shown is not due. Your first payment will be on August 15, 2007. Interest payments shown from February 16, 2006 to February 15, 2007 are computed at 4.75 percent. After February 15, 2007 interest rates will be adjusted to reflect the adjusted interest rate applied on the outstanding principal balance. We will send a revised amortization schedule combining the February 15, 2007 interest at 4.75 percent and the August 15, 2007 principal & interest at the new adjusted rate.

IMPORTANT: If payment is made by check, please send the enclosed amortization schedule(s) with check for proper credit. Please make sure that SpA Lockbox CM9695 is on both the check and envelope.

Please mail a **copy of the amortization schedule** with a check made payable to:

OR

Please wire funds to:

U.S. Bank Trust-SpA Lockbox CM9695
ATTN: Operations Center
1200 Energy Park Drive
St. Paul, MN 55108

U.S. Bank N.A. (Minneapolis)
ABA 091000022
FFC: U.S. Bank Trust N.A.
Account # 180121167365
Wire Clearing Account # 47300023
ATTN: 50364256/996103DKO
INTERCAP: Lewis & Clark County



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Lewis & Clark County

COUNTY

Office of the Lewis and Clark County Attorney

Leo Gallagher

K. Paul Stahl
Deputy County Attorney
(406) 447-8221
email stahl@co.lewis-clark.mt.us



228 Broadway
Helena, MT 59601
FAX (406) 447-8268

CIVIL DIVISION

December 29, 2006

Board of Investments
of the State of Montana
2401 Colonial Drive, 3rd Floor
P. O. Box 200126
Helena MT 59620-0126

U.S. Bank Trust National Association MT
Corporate Trust Department WWH1022
1420 Fifth Avenue, 7th Floor
Seattle WA 98101

Ladies and Gentlemen:

I have served as counsel to Lewis and Clark County (the "Borrower") in connection with its participation in the INTERCAP Revolving Program (the "Program") of the Board of Investments of the State of Montana (the "Board"). Terms used herein which are defined in the Lewis and Clark County (Ten Mile Creek Estates) Rural Improvement District Bond No. 97-2 dated as of December 29, 2006 (the "Bond") between the Borrower and the Board shall have the meanings specified therein. The resolution of the Borrower authorizing its participation in the Program and the issuance of its Bond relating thereto is herein referred to as the Bond Resolution.

I have examined, among other things:

- i) the Borrower Act;
- ii) the Bond dated as of December 29, 2006, (the "Bond") and executed by the Borrower;
- iii) Bond Resolution No. 2006-142 of the Borrower, dated December 21, 2006; (the "Bond Resolution");
- iv) the proceedings of the Borrower with respect to the due execution and delivery by the Borrower of the Bond Resolution and Bond (the Program Documents) delivered to the Board herewith, and have made such other examination of applicable Montana



law as we have deemed necessary in giving this opinion;

- v) Resolution of Intention to Create the District, affidavits of publication for such resolutions, resolutions to create the District, and such documents that the County prepares, executes, and notices for publication as are necessary for the valid creation of rural improvement districts, the construction of the improvements, and expenditure of funds.

Based upon the foregoing, we are of the opinion that:

- (a) The Borrower is a political subdivision duly organized and validly existing under the laws and Constitution of the State of Montana with full legal right, power and authority to enter into, execute and perform its obligations under the Program Documents and to carry out and effectuate the transactions contemplated thereunder.
- (b) The execution of the Bond has been duly authorized and is valid, binding and enforceable against the Borrower in accordance with its terms.
- (c) The Bond Resolution of the Borrower has been duly adopted and is valid, binding and enforceable against the Borrower in accordance with its terms.
- (d) The Borrower has taken all action required to be taken by it to authorize the execution and delivery of, and the performance of the obligations contained in, the Program Documents; and such authorization is in full force and effect on the date hereof.
- (e) The Borrower has complied with all applicable competitive bidding requirements for the purchase, acquisition and construction of the Project. All environmental licensing approval or permitting requirements of the Project financed from the proceeds of the Bond have been obtained.
- (f) No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required to be obtained by the Borrower in connection with the execution, delivery and performance of the Program Documents or the consummation of the other transactions effected or contemplated thereby.
- (g) The execution, delivery and performance of the Program Documents, and compliance with the provisions thereof will not conflict with or constitute a breach of, a violation of, or default under, the Constitution of the State of Montana, or any existing law, charter, judgment, ordinance, administrative regulation, decree, order or resolution of or relating to the Borrower and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument, to which the Borrower is a party or by which it is bound or to which it is

subject.

- (h) The Program Documents executed by the Borrower, when delivered to the Board, will have been duly authorized and executed and will constitute validly issued and legally binding obligations of the Borrower according to their terms.

It is understood that the enforceability of the Program Documents may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement or creditors rights.

Sincerely,



K. PAUL STAHL
Deputy County Attorney

