

ORIGINAL

CERTIFICATE AS TO RESOLUTION 03-03

I, the undersigned, being the duly qualified and acting recording officer of the Big Sky County Water & Sewer District No. 363, Montana (the "District"), hereby certify that the attached resolution is a true copy of a resolution, entitled: "RESOLUTION RELATING TO \$6,500,000 GENERAL OBLIGATION BOND (DNRC REVOLVING LOAN PROGRAM), SERIES 2003, CONFIRMING THE ISSUANCE THEREOF AND THE SECURITY THEREFOR AND MAKING CERTAIN DESIGNATIONS AND COVENANTS IN RESPECT THEREOF" (the "Resolution"), on file in the original records of the District in my legal custody; that the Resolution was duly adopted by the Board of Directors of the District at a meeting on September 17, 2003, and that the meeting was duly held by the Board of Directors 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 Directors voted in favor thereof: Skip Radick, Dee Rothschilden, Gary
McRae, Packy Cronin, and William Shropshire; voted against
the same: none; abstained from voting thereon: none
; or were absent: Dick Wiggins and Wendell Ingraham.

WITNESS my hand officially this 17th day of September, 2003.

Dee Rothschilden
Secretary

RESOLUTION RELATING TO \$6,500,000 GENERAL
OBLIGATION BOND (DNRC REVOLVING LOAN
PROGRAM), SERIES 2003, CONFIRMING THE ISSUANCE
THEREOF AND THE SECURITY THEREFOR AND MAKING
CERTAIN DESIGNATIONS AND COVENANTS IN RESPECT
THEREOF

BE IT RESOLVED by the Board of Directors (the "Board") of the Big Sky County
Water & Sewer District No. 363, Montana (the "District"), as follows:

Section 1. Authorization and Recitals.

1.01. Authorization. The District pursuant to authority conferred by Montana Code Annotated, Title 7, Chapter 13, Parts 22 and 23, as amended (the "Act"), and other laws of the State of Montana, has established and presently owns and operates a sewer system (the "System"). Under the provisions of the Act and an election duly conducted on February 27, 2002, the District is authorized to issue and sell its general obligation bonds in the maximum principal amount of \$13,500,000 payable during a term not exceeding twenty years from their date of issue, to provide funds to pay costs of certain improvements to the System and costs of the issuance and sale of the bonds.

1.02. Outstanding Bonds. In accordance with the authorization described in Section 1.01 and pursuant to Resolution No. 02-07 adopted by this Board on August 29, 2002 (as so amended and supplemented, the "Resolution"), the District authorized the issuance of its \$7,000,000 General Obligation Bond (DNRC Revolving Loan Program), Series 2002 (the "Series 2002 Bond"), and its \$6,500,000 General Obligation Bond (DNRC Revolving Loan Program), Series 2003 (the "Series 2003 Bond"). The Series 2002 Bond was issued and sold in accordance with the Resolution on September 24, 2002. The District has previously issued to the DNRC Revolving Fund its General Obligation Bond (DNRC Revolving Loan Program), Series 1996 in the original principal amount of \$5,513,000 (the "Series 1996 Bond"), and its General Obligation Bond (DNRC Revolving Loan Program), Series 1998 in the original principal amount of \$417,000 (the "Series 1998 Bond"). The Series 1996 Bond, the Series 1998 Bond, the Series 2002 Bond and the Series 2003 Bond comprise the total principal amount of general obligation bonds authorized to be issued by the District with respect to the System as of the date hereof.

Section 2. Issuance of the Series 2003 Bond. The District is ready to proceed with the issuance of its Series 2003 Bond. The Department of Natural Resources and Conservation (DNRC) has informed the Board that the rate of interest to be charged on the Series 2003 Bond has been decreased from 4.00% per annum to 3.75% per annum.

This Board hereby authorizes the issuance of the Series 2003 Bond in the principal amount of \$6,500,000, bearing interest at the rate of 3.75% per annum, repayable on each January 1 and July 1, commencing January 1, 2004 and concluding July 1, 2023, and in the final form of the Series 2003 Bond attached hereto as Exhibit A. In all other respects, this Board hereby ratifies and confirms the issuance of the Series 2003 Bond, in the principal amount of \$6,500,000, and the sale thereof to the DNRC, on the terms and conditions as authorized and provided in the Resolution.

Section 3. Designation as "Qualified Tax-Exempt Obligations." Pursuant to Section 265(b)(3)(D)(ii) of the Code, the District is deemed to have designated the Series 2003 Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code, and this Board hereby confirms such designation. The District hereby represents that the District and all "subordinate entities" thereof did not issue in 2003 obligations bearing interest exempt from federal income taxation under Section 103 of the Code (including "qualified 501(c)(3) bonds" but excluding other "private activity bonds," as defined in Sections 141(a) and 145(a) of the Code) in an amount greater than \$10,000,000.

Section 4. Arbitrage Rebate. The District acknowledges that the Series 2003 Bond is subject to the rebate requirements of Section 148(f) of the Code. The District covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under said Section 148(f) and applicable Treasury Regulations to preserve the exclusion of interest on the Series 2003 Bond from gross income for federal income tax purposes, unless the Series 2003 Bond qualifies for the exception from the rebate requirement under Section 148(f)(4)(B) of the Code and no "gross proceeds" of the Series 2003 Bond (other than amounts constituting a "bona fide debt service fund") arise during or after the expenditure of the original proceeds thereof. In furtherance of the foregoing, the President and Secretary are hereby authorized and directed to execute a Rebate Certificate, substantially in the form prepared by Bond Counsel, and the District hereby covenants and agrees to observe and perform the covenants and agreements contained therein, unless amended or terminated in accordance with the provisions thereof.

Section 5. Information Reporting. The District shall file with the Secretary of the Treasury, not later than February 15, 2004, a statement concerning the Series 2003 Bond containing the information required by Section 149(e) of the Code.

Section 6. Authentication of Transcript. The officers of the District are hereby authorized and directed to furnish to the DNRC and to Bond Counsel certified copies of all proceedings relating to the issuance of the Series 2003 Bond and such other certificates and affidavits as may be required to show the right, power and authority of the District to issue the Series 2003 Bond, and all statements contained in and shown by such instruments, including any heretofore furnished, shall constitute representations of the District as to the truth of the statements purported to be shown thereby.

Section 7. Effective Date. This resolution shall be in full force and effect from and after its passage.

PASSED AND ADOPTED by the Board of Directors of the Big Sky County Water & Sewer District No. 363 on this 17th day of September, 2003.

Attest:

Secretary


President, Board of Directors

EXHIBIT A

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTIES OF GALLATIN AND MADISON

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

GENERAL OBLIGATION BOND
(DNRC REVOLVING LOAN PROGRAM), SERIES 2003

No. R-1

\$6,500,000

FOR VALUE RECEIVED, BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363 (the "Borrower"), a duly organized political subdivision of the State of Montana, acknowledges itself to be indebted and hereby promises to pay to the Department of Natural Resources and Conservation of the State of Montana (the "DNRC"), or its registered assigns, the principal sum equal to the sum of the amounts entered on Schedule A hereto under "Total Amount Advanced," with interest on each such amount from the date such amount is advanced hereunder at the rate of two percent (2.00%) per annum on the unpaid balance until paid. In addition, the Borrower shall pay an Administrative Expense Surcharge and a Loan Loss Reserve Surcharge on the outstanding principal amount of this Bond at the rates of three-quarters of one percent (0.75%) and one percent (1.00%), respectively, per annum. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be payable in semiannual installments payable on each January 1 and July 1 (each a "Loan Repayment Date") commencing January 1, 2004. Principal shall be payable on the dates set forth in Schedule B hereto. Each installment shall be in the amount set forth opposite its due date in Schedule B hereto under "Total Loan Payment." The portion of each such payment consisting of principal, the portion consisting of interest and the portion consisting of Administrative Expense Surcharge shall be as set forth in Schedule B hereto. Upon each disbursement of Loan amounts to the Borrower pursuant to the Resolution described below, the DNRC shall enter (or cause to be entered) the amount advanced on Schedule A under "Advances" and the total amount advanced under the Resolution (as hereinafter defined), including such disbursement, under "Total Amount Advanced." The DNRC shall prepare Schedule B and revised Schedules B, or cause Schedule B and revised Schedules B to be prepared, as provided in Section 5.1 of the Resolution. Schedule B shall be calculated and recalculated, as nearly as practicable, on a level debt service basis assuming an interest rate of three and three-quarters percent (3.75%) per annum. Past-due payments of principal and interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall bear interest at the rate of ten percent (10.00%) per annum, until paid. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be calculated on the basis of a 360-day year comprising 12 months of 30 days each. All payments under this Bond shall be made to the registered holder of this Bond, at its address as it appears on the Bond register, in lawful money of the United States of America.

This Bond constitutes a series in the maximum authorized principal amount of \$13,500,000 (the "Bond"), authorized by the favorable vote of more than the requisite majority of the qualified electors of the Borrower voting on the question of the issuance thereof at an

election duly held, issued to finance costs of the construction of certain improvements to the wastewater system of the Borrower (the "System") and to pay costs of issuance of the Bond. The Bond 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 13, Parts 22 and 23, as amended, and ordinances and resolutions duly adopted by the governing body of the Borrower. The Bond is issuable only as a single, fully registered bond.

Reference is made to Resolution No. 02-07, duly adopted by the governing body of the Borrower on August 29, 2002, as amended and supplemented by Resolution No. _____, adopted on September 17, 2003 (as so amended and supplemented, the "Resolution"), for a more complete statement of the terms and conditions upon which the Bond has been issued, the conditions upon which the Resolution may be amended, the rights, duties and obligations of the City, and the rights of the owners of the Bond.

The principal installments of this Bond with stated maturities on or after January 1, 2013 are subject to redemption at the option of the Borrower, in whole or in part, in inverse order of maturities and in \$1,000 principal amounts within a maturity, on July 1, 2012 and any Payment Date thereafter, at a redemption price equal to the principal amount of the Bond to be redeemed with accrued interest to the date of redemption. Any prepayment must be accompanied by payment of accrued interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal prepaid. Notice of redemption will be mailed at least 30 days before the redemption date to the registered owner of this Bond. This Bond or principal installments thereof so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited and, except for the purpose of payment, shall no longer be secured by the Resolution and shall not be deemed Outstanding under the Resolution.

The Borrower may deem and treat the Person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and the Borrower shall not be affected by any notice to the contrary.

BANK QUALIFIED: This Bond has been designated by the Borrower as a "qualified tax-exempt obligation" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended.

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 Bond, in order to make it a valid and binding general obligation of the Borrower 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 an annual ad valorem tax will be duly levied on all of the taxable property in the Borrower sufficient to pay the interest hereon when it falls due and also to pay and discharge the principal of this Bond at maturity; and that the issuance of this Bond does not cause the indebtedness of the Borrower to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Board of Directors of Big Sky County Water & Sewer District No. 363, Montana, by its governing body, has caused this Bond to be executed by the signatures of its President and Secretary, and has caused the official seal of the Borrower to be affixed hereto, and has caused this Bond to be dated as of the _____ day of _____, 2003.

BIG SKY COUNTY WATER & SEWER
DISTRICT NO. 363

By _____
President of the Board

By _____
Secretary of the Board

(SEAL)

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 Secretary of the Borrower as bond registrar (the "Registrar"), has duly noted the transfer on the Bond and recorded the transfer on the Registrar's registration books. The Borrower 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 Borrower'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 Secretary of Big Sky County Water & Sewer District No. 363, Gallatin and Madison Counties, Montana, acting as Bond Registrar, has transferred, on the books of the Borrower, 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>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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: _____
(authorized signature)

For: _____
(Holder)

SCHEDULE A
SCHEDULE OF AMOUNTS ADVANCED

<u>Date</u>	<u>Advances</u>	<u>Total Amount Advanced</u>	<u>Notation Made By</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
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