

RESOLUTION NO. 21-03

RESOLUTION RELATING TO \$42,715,929 SEWER SYSTEM REVENUE BONDS (RESORT TAX REVENUE SUPPORTED), SERIES 2021A; AUTHORIZING THE SALE AND PRESCRIBING THE FORMS AND TERMS THEREOF AND THE SECURITY THEREFOR

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

Section 1. Definitions, Authorizations and Findings.

1.01. Definitions. The terms defined in this Section 1.01 shall for all purposes of this Resolution have the meanings herein specified, unless the context clearly otherwise requires:

Accountant means a Person engaged in the practice of accounting as a certified public accountant, whether or not employed by the District.

Act means Montana Code Annotated, Title 7, Chapter 13, Parts 22 and 23, as amended or supplemented.

Additional Bonds means any Bonds issued pursuant to Sections 4.01 through 4.03 hereof and secured, equally and ratably with the Series 2021A Bond, by a first lien upon the Net Revenues of the System.

Amortization Date means December 1, 2023, the date that is 30 months after the Closing Date.

Board means the Board of Directors of the District or any successor governing body thereof.

Bond Anticipation Note has the meaning given such term in Section 4.05 hereof.

Bond Counsel means any firm of nationally recognized bond counsel experienced in matters relating to tax-exempt financing, selected by the District.

Bond Register means the register maintained for the purpose of registering the ownership, transfer and exchange of the Bonds of any series.

Bonds means the Series 2021A Bond and any Additional Bonds.

Business Day means, with respect to the Bonds of any series, any day other than a Saturday, Sunday or other day on which the Registrar for such series of Bonds is not open for business.

Code means the Internal Revenue Code of 1986.

Construction Account means the account created by Section 5.02.

Debt Service Account means the account created by Section 5.04.

Debt Service Coverage Ratio means the ratio of Net Revenues during any Fiscal Year divided by the maximum Principal and Interest Requirements on all Outstanding Bonds and, as appropriate, Additional Bonds proposed to be issued, in any future Fiscal Year. For purposes of the Debt Service Coverage Ratio, payments due on July 1 are treated as if paid in the prior Fiscal Year.

Defeasance Obligations means obligations for payment of the principal of and interest on which the United States has pledged its full faith and credit, or money market or mutual funds invested in such obligations, and which are not subject to redemption or prepayment other than at the option of the holder thereof.

Disbursement Agreement means the Disbursement Agreement entered into by and between the District and the Purchaser dated as of June 1, 2021.

District means the Big Sky County Water & Sewer District No. 363, Montana, or its successors.

Fiscal Year means the period commencing on the first day of July of any year and ending on the last day of June of the next calendar year, or any other twelve-month period authorized by law and specified by this Board as the District's Fiscal Year.

General Debt Service Subaccount means the subaccount within the Debt Service Account created by Section 5.04.

General Reserve Requirement means one-half of the maximum Principal and Interest Requirements on Outstanding Bonds that are secured by the General Reserve Subaccount for any future Fiscal Year (giving effect to mandatory sinking fund redemption, if any). The District shall fund the General Reserve Subaccount with respect to Bonds secured thereby to the General Reserve Requirement in the manner set forth in Section 5.06 herein and in the Supplemental Resolution authorizing the issuance of such Bonds.

General Reserve Subaccount means the subaccount within the Reserve Account pursuant to Section 5.05.

Grant Anticipation Note has the meaning given such term in Section 4.05 hereof.

Gross Revenues means all revenues and receipts from rates and charges imposed for the availability, benefit and use of the System, and from penalties and interest thereon, and from any sales of property which is a part of the System and all income received from the investment of such revenues and receipts, including interest earnings on the Operating Account, the Reserve Account, the Replacement and Depreciation Account and the Surplus Account, and excluding the proceeds of any grant or loan from the State or the United States, and any investment income thereon, to the extent such exclusion is a condition to such grant or loan. Gross Revenues does not include Plant Investment Charges or the WRRF Contribution, but includes the portion of rates and charges charged to address depreciation or replacement of the System.

Infrastructure Resort Tax means the 1% additional resort tax imposed by the Resort Area District pursuant to the approval of the electors on May 5, 2020, the collection of which commenced July 1, 2020.

Interlocal Agreement means the First Amended and Restated Interlocal Agreement, dated as of April 20, 2021, by and between the District and the Resort Area District, as it may be amended in accordance with its terms, including provisions that any amendment affecting the WRRF Contribution requires the prior written consent of First Security Bank, Division of Glacier Bank, or the then-Owner of the Series 2021A Bond. The Interlocal Agreement is attached hereto as Exhibit A, and any amendment to the Interlocal Agreement shall be attached to Exhibit A after it is fully executed.

Net Revenues means the Gross Revenues for a specified period less the Operating Expenses for the same period.

Operating Account means the account created by Section 5.03.

Operating Expenses means the current expenses, paid or accrued, of operation, maintenance and current repair of the System and its facilities, as calculated in accordance with sound accounting practices, and shall include, without limitation, administrative expenses of the District relating solely to the System, premiums for insurance on the properties thereof, labor and the cost of materials and supplies used for current operation and for maintenance, and charges for the accumulation of appropriate reserves for current expenses which are not recurrent monthly but may reasonably be expected to be incurred in accordance with sound accounting practices. Operating Expenses shall not include interest expense or depreciation, renewals or replacements of capital assets of the System and shall not include any portion of the salaries or wages paid to any officer or employee of the District, except such portion as shall represent reasonable compensation for the performance of duties necessary to the operation of the System.

Operating Reserve has the meaning given such term in Section 5.03 hereof.

Outstanding means, with reference to Bonds, as of the date of determination, all Bonds theretofore issued and delivered under this Resolution except:

(i) Bonds theretofore cancelled by the District or delivered to the District cancelled or for cancellation;

(ii) Bonds and portions of Bonds for whose payment or redemption money or Defeasance Obligations (as provided in Section 9) shall have been theretofore deposited in trust for the Owners of such Bonds; provided, however, that if such Bonds are to be redeemed, notice of such redemption shall have been duly given pursuant to this Resolution or irrevocable instructions to call such Bonds for redemption at a stated redemption date shall have been given by the District; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been issued and delivered pursuant to this Resolution;

provided, however, that in determining whether the Owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the District shall be disregarded and deemed not to be Outstanding.

Owner means, with respect to any Bond, the Person in whose name such Bond is registered in the Bond Register.

Payment Date means any date on which an interest payment and/or a principal payment is due with respect to any Bonds.

Person means any individual, corporation, partnership, joint venture, limited liability company, limited liability partnership, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Plant Investment Charge means the charge by that name imposed by the District to new connections to the System, also known as the WRRF Investment Charge or PIC.

Principal and Interest Requirements means, with respect to any Bonds or, as appropriate, Additional Bonds proposed to be issued, and for any Fiscal Year or other specified period, the amount required to pay the principal of and interest on such Bonds during such Fiscal Year or other period, determined on the assumption that each series of Bonds shall be paid in accordance with the Payment Dates for such Bonds set forth in this Resolution or in the Supplemental Resolution authorizing such series of Bonds.

Project means an improvement, betterment, reconstruction or extension of the System.

Purchaser means, with respect to any series of Bonds, the Person who purchases such series of Bonds from the District when first issued. The Purchaser of the Series 2021A Bond is First Security Bank, Division of Glacier Bank.

Rebate Account means the account created by Section 5.11.

Rebate Certificate means, with respect to a series of Bonds, a tax or rebate certificate delivered by the District on the day of issuance of such Bonds pursuant to which the District represents and covenants to segregate funds, calculate amounts, report and pay to the United States Department of Treasury any rebatable arbitrage relating to the Bonds of any series in accordance with the requirements of Section 148 of the Code and the Regulations promulgated thereunder.

Registrar means the Person appointed by the District to act as bond registrar, transfer agent and paying agent for a series of Bonds. With respect to the Series 2021A Bond, the Registrar shall be appointed as set forth in Section 3.02.

Regulations means the United States Treasury Regulations.

Replacement and Depreciation Account means the account created by Section 5.08.

Reserve Account means the account created by Section 5.05.

Reserve Requirement means, as of the date of calculation, an amount equal to the sum of the General Reserve Requirement and the Series 2021A Reserve Requirement and, if an additional subaccount is created in the Reserve Account, the reserve requirement with respect to the Bonds secured by such subaccount.

Resolution means this resolution as originally adopted or as it may from time to time be amended or supplemented pursuant to the applicable provisions hereof.

Resort Area District means the Big Sky Resort Area District, Montana.

Resort Tax Act means Montana Code Annotated, Title 7, Chapter 6, Part 15, as amended.

Series 2021A Bond means the District's Sewer System Revenue Bond (Resort Tax Revenue Supported), Series 2021A, issued in the maximum principal amount of \$42,715,929.

Series 2021A Reserve Subaccount means the subaccount created in the Reserve Account as described in Section 5.05, securing the Series 2021A Bond.

Series 2021A Reserve Requirement means an amount equal to the least of: (1) \$1,811,386; (2) 10% of the original principal amount of the Series 2021A Bond; (3) the maximum annual Principal and Interest Requirements on the Series 2021A Bond; or (4) 125% of average annual Principal and Interest Requirements on the Series 2021A Bond; provided that, if the audited financial statements of the District for two consecutive Fiscal Years show that the District has met a Debt Service Coverage Ratio on the Series 2021A Bond and any other Bonds then Outstanding of 115% based solely on Net Revenues and without taking into account the WRRF Contribution, the Series 2021A Reserve Requirement will be equal to \$0.

Series 2021B Bond means the District's Subordinate Lien Taxable Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2021B, to be authorized by adoption of a Supplemental Resolution on the date hereof.

Series 2021C Bond means the District's Subordinate Lien Sewer System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2021C, to be authorized by adoption of a Supplemental Resolution on the date hereof.

State means the State of Montana.

Sewer System Fund means the fund created in Section 5.01.

Subordinate Debt Service Subaccount means the subaccount by that name in the Subordinate Obligations Account as described in Section 5.06.

Subordinate Obligations means bonds, notes or other obligations of indebtedness of the District payable from the Subordinate Obligations Account and issued in accordance with Section 4.04.

Subordinate Reserve Subaccount means the subaccount in the Subordinate Obligations Account as described in Section 5.06.

Subordinate Obligations Account means the account created by Section 5.06.

Supplemental Resolution means any resolution supplemental to this Resolution adopted pursuant to Section 7.

Surplus Net Revenues means Net Revenues remaining after required deposits to the Debt Service Account and Reserve Account.

System means the District's wastewater system, as it may at any time exist, including any replacement, expansion and improvement thereof.

WRRF Contribution means the Infrastructure Resort Tax revenues collected by the Resort Area District and contributed to the District for the WRRF Phase I Project pursuant to the Interlocal Agreement, in the Fiscal Year amounts set forth on Exhibit A to the Interlocal Agreement (if Infrastructure Resort Tax collections total such Fiscal Year amounts), or amounts in addition to the Fiscal Year amounts on Exhibit A of the Interlocal Agreement in the discretion of the Resort Area District. Resort Tax Revenues collected by the Resort Area District and contributed to the District (i) pursuant to the Interlocal Agreement in excess of \$27,000,000, (ii) pursuant to the Interlocal Agreement and designated for use for the Canyon Project (as defined in the Interlocal Agreement), (iii) pursuant to a separate agreement, or (iv) from the imposition of the 3% resort tax, are not part of the WRRF Contribution.

WRRF Debt Service Subaccount means the subaccount so named in the Debt Service Account created under Section 5.04.

WRRF Prepayment Account means the account created by Section 5.07.

WRRF Project has the meaning given such term in Section 1.05.

1.02. Rules of Construction. Unless the context otherwise requires or except as otherwise expressly provided:

(a) All references in this Resolution to designated sections and other subdivisions are to the designated sections and other subdivisions of this Resolution as originally adopted.

(b) The words "herein," "hereof" and "hereunder" and other words of similar import without reference to any particular section or subdivision refer to this Resolution as a whole and not to any particular section or other subdivision unless the context clearly indicates otherwise.

(c) The terms defined in this Resolution include the plural as well as the singular.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles applicable to governmental entities.

(e) All computations provided herein shall be made in accordance with generally accepted accounting principles applicable to governmental entities consistently applied.

1.03. Authorization. Under the Act, the District is authorized to issue, by resolution and without need for authorization by the electors of the District, and to sell its revenue bonds payable during a term not exceeding forty years from their date of issue, to finance the acquisition, construction, improvement, or extension of any facilities of the District benefiting all or any portion of the District or other authorized corporate purposes of the District, to refund bonds issued for those purposes, to fund a debt service refund for the security of the bonds, to pay interest on the bonds during the estimated period of construction or improvement of facilities, and to pay costs of the bond issuance, provided that the bonds and the interest thereon are to be payable from all or a portion of the revenue of the District or from special assessments levied against benefited property in the District, and provided further that the repayment of bonds so authorized may not be secured by a deficiency tax levy for the repayment of such bonds if the revenue of the District is inadequate to pay principal of and interest on such bonds. The Series 2021A Bond is issued pursuant to Section 7-13-2333 of the Act, by the authorization of this Board given herein, and is not issued pursuant to an election. The Series 2021A Bond is not secured by the deficiency tax levy under Section 7-13-2302 of the Act.

1.04. Interlocal Agreement. The District and the Resort Area District have entered into the Interlocal Agreement, pursuant to which the Resort Area District has agreed to contribute the WRRF Contribution, in the amounts and at the rates and subject to the terms and conditions of the Interlocal Agreement, to be used to pay costs of the WRRF Project or to pay or prepay debt service on the Series 2021A Bond (or any obligation issued to refund the Series 2021A Bond). The Interlocal Agreement is attached hereto as Exhibit A, and any amendment to the Interlocal Agreement shall be attached to Exhibit A after it is fully executed.

1.05. WRRF Project; Costs. The District has determined to upgrade and expand its water resource recovery facility to better serve existing connections and accommodate build-out within the District's boundaries, with such improvements to include treatment technology upgrades, including biological nutrient removal and membrane bioreactor treatment, and related improvements (collectively, the "WRRF Project"). The WRRF Project accommodates a future phase of improvements to further expand the treatment capacity of the water resource recovery facility. The total costs of the WRRF Project and associated costs of financing are expected to be \$53,300,448, which have been or are expected to be paid from proceeds of the Series 2021A Bond, Series 2021B Bond and Series 2021C Bond; the WRRF Contribution; a contribution from the Resort Area District in the amount of \$250,000 (which is not a part of the WRRF Contribution); and cash the District has on hand and available therefor in the amount of \$6,347,019.

1.06. Authorization and Sale of Series 2021A Bond. On February 16, 2021, this Board approved a resolution authorizing the negotiation of the sale of its sewer system revenue bonds

to First Security Bank, Division of Glacier Bank, or another Glacier Bank entity, and on April 20, 2021, this Board approved a resolution authorizing certain officers of the District to negotiate and execute a bond purchase agreement with First Security Bank, Division of Glacier Bank (the “Purchaser”). Pursuant to Section 7-13-2333 of the Act and such authorizing resolutions, the District and the Purchaser have entered into a Bond Purchase Agreement, dated as of April 23, 2021 (the “Bond Purchase Agreement”), relating to the sale by the District and the purchase by the Purchaser of the Series 2021A Bond. To the extent any terms of the Series 2021A Bond as prescribed herein and in the Bond Purchase Agreement conflict, the provisions of this Resolution shall govern.

1.07. 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 2021A Bond have been done, do exist, have happened, and have been performed in due time, form and manner, wherefore it is now necessary for this Board to establish the form and terms of the Series 2021A Bond, to provide for the security thereof and to issue the Series 2021A Bond forthwith.

Section 2. The Bonds.

2.01. General Title. The general title of the Bonds of all series shall be “Sewer System Revenue Bonds,” with appropriate additions for refunding and to distinguish Bonds of each series from Bonds of each other series.

2.02. General Limitations; Issuable in Series. The aggregate principal amount of Bonds that may be authenticated and delivered and Outstanding under this Resolution is not limited, except as provided in Section 4 and except as may be limited by law. The Bonds may be issued in series as from time to time authorized by the District, subject to the restrictions and requirements set forth in this Resolution.

The Bonds are special, limited obligations of the District. The Bonds are not general obligations of the District and neither the general credit nor the taxing power of the District is pledged to the payment of the Bonds or the interest thereon. Principal of, premium, if any, and interest on the Bonds (except to the extent expressly payable out of proceeds of the Bonds) are payable equally and ratably from the Net Revenues and funds on deposit in the Sewer System Fund, as provided in Section 5; provided that the District reserves the right to create additional accounts or subaccounts within the Sewer System Fund in connection with the issuance of any series of Bonds, and to provide for and pledge additional revenues to any series of Bonds. Neither the Bonds nor any of the agreements or obligations of the District contained herein or therein shall be construed to constitute an indebtedness of the District within the meaning of any constitutional or statutory limitations.

If any Payment Date or redemption date shall be on a day which is not a Business Day, then payment of principal of, premium, if any, or interest due on such day may be made on the next succeeding Business Day, with the same force and effect as if made on such Payment Date or redemption date (whether or not such next succeeding Business Day occurs in a succeeding month), and no interest shall accrue for the intervening period.

2.03. Terms of a Particular Series. Each series of Bonds (except the Series 2021A Bond, which is created by Section 3) shall be created by a Supplemental Resolution and pursuant to Section 4. The District may, at the time of the creation of any series of Bonds or at any time thereafter make, and the Bonds of that series may also contain, provision for a sinking, amortization, improvement or other analogous fund or subaccount. In addition, the District reserves the right to create a separate subaccount within the Debt Service Account and/or the Reserve Account to secure any particular series of Bonds and to provide for a separate reserve requirement and manner of funding such subaccount. All Bonds of the same series shall be substantially identical except as to denomination and the differences specified herein or in a Supplemental Resolution between interest rates, stated maturities and redemption provisions.

2.04. Form and Denominations. The form of the Bonds (other than the Series 2021A Bond, as to which specific provision is made in Section 3) shall be established by the Supplemental Resolution creating such series.

The Bonds of any series shall be issued only as fully registered Bonds, in such denominations as shall be provided in the Supplemental Resolution creating such series (other than the Series 2021A Bond, as to which specific provision is made in Section 3). In the absence of any such provision with respect to the Bonds of any particular series, Bonds shall be in denominations of \$5,000, or any integral multiple thereof, of single maturities.

2.05. Execution and Delivery. Each Bond shall be executed on behalf of the District by the officials of the District specified in a Supplemental Resolution (other than the Series 2021A Bond, as to which specific provision is made in Section 3). The signature of any official may be printed, engraved or lithographed facsimiles thereof, if permitted by applicable law. Bonds bearing the manual or facsimile signatures of individuals who were at any time the proper officials of the District shall bind the District, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the delivery of such Bonds or did not hold such offices at the date of such Bonds.

At any time and from time to time, the District may deliver Bonds executed by the proper officers of the District to the Registrar for authentication, and the Registrar shall authenticate and deliver such Bonds as specified in a Supplemental Resolution (other than the Series 2021A Bond, as to which specific provision is made in Section 3).

2.06. Priority of Payments. All Bonds shall be secured, equally and ratably, by a first lien upon the Net Revenues of the System (the Gross Revenues being subject to the prior appropriation thereof to the Operating Account for the payment of Operating Expenses), without preference or priority of any one Bond over any other by reason of serial number, date of issue, series designation or otherwise; provided that if at any time the Net Revenues on hand in the Sewer System Fund are insufficient to pay principal and interest then due on all such Bonds, any and all Net Revenues then on hand shall be first used to pay the interest accrued on all Outstanding Bonds (pro rata, if necessary), and the balance shall be applied pro rata toward payment of the maturing principal of such Bonds. Bonds may also be secured by the Reserve Account, or a separate subaccount therein, if and as determined herein or in the Supplemental Resolution relating to such Bonds. Notwithstanding anything herein to the contrary, subject to any requirements and restrictions set forth in this Resolution, Bonds may be issued to which

separate or additional sources of revenue are pledged, which are not pledged to other series of Bonds. The Series 2021A Bond is additionally secured by the WRRF Contribution, and the WRRF Contribution does not secure other series of Bonds (except any Bonds that refund the Series 2021A Bond).

Section 3. Series 2021A Bond.

3.01. Title, Principal Amount, Interest Rate. The Series 2021A Bond to be issued hereunder shall be issued as a single, fully registered bond denominated “Sewer System Revenue Bond (Resort Tax Revenue Supported), Series 2021A” and shall be issued in the maximum principal amount of \$42,715,929 or such lesser amount as shall be advanced thereunder and pursuant to the Disbursement Agreement. The Series 2021A Bond is issued as a drawdown bond, with advances of principal to be made by the Purchaser to the District in accordance with the Disbursement Agreement commencing on the Closing Date and concluding no later than the Amortization Date. Each advance of principal of the Series 2021A Bond shall be set forth on the Schedule of Advances attached as Schedule 1 to the Series 2021A Bond. Interest on the Series 2021A Bond shall be computed on the basis of a 365-day year based on the actual number of days elapsed. During the Construction Period, interest only on the principal amounts advanced at the rate of 3.07% per annum accrues from the date of each advance on the amount advanced and is due and payable on the 1st day of each month.

On or as of the Amortization Date, an amortization schedule will be agreed by the Purchaser and the District, which schedule shall amortize all principal drawn under the Series 2021A Bond, together with interest thereon as described below, in semiannual installments of principal and interest due on each January 1 and July 1, except for the last payment date, which will be on June 1, 2051. The amortization schedule will be recalculated and replaced, as necessary, based on prepayments by the District, as further described in Sections 3.03 and 5.07 hereof.

The Series 2021A Bond shall bear interest on principal advanced thereunder from the date of each advance at a rate of 3.07% per annum, fixed for the first twenty years, ending on June 1, 2041, the 20th anniversary of the closing date. Commencing on June 1, 2041 and continuing through the remaining term of the Series 2021A Bond, the interest rate on the then-outstanding principal amount of the Series 2021A Bond will adjust on June 1 of each year to be equal to the greater of (1) the 1-year U.S. Treasury Rate on such date plus 1.50% per annum, or (2) 2.47% per annum.

The Series 2021A Bond is payable from and secured by the WRRF Contribution and Net Revenues in the WRRF Debt Service Subaccount or General Reserve Subaccount, as applicable, together with amounts on hand in the WRRF Prepayment Account and in the Series 2021A Reserve Subaccount. The WRRF Contribution is pledged to the repayment of the Series 2021A Bond (and any Bonds issued to refund the Series 2021A Bond), and no other Bonds.

Principal of and interest on the Series 2021A Bond shall be payable by check or draft of the Registrar mailed to the Owner or Owners of the Series 2021A Bond as such appears in the Bond Register as of the close of business on the 15th day (whether or not a Business Day) of the month immediately preceding each Payment Date; provided that the final installment of principal

(whether at maturity or earlier redemption) shall be drawn on the Registrar only upon presentation and surrender of the Series 2021A Bond at the office of the Registrar.

The Series 2021A Bond shall be issuable only in fully registered form and the ownership of the Series 2021A Bond shall be transferred (in whole and not in part) only upon the Bond Register. The Series 2021A Bond shall be dated the date of issuance. Upon delivery of the Series 2021A Bond to the Purchaser thereof or upon the delivery of the Series 2021A Bond upon a transfer or exchange, the Registrar shall date the Series 2021A Bond so delivered as of the date of its authentication.

3.02. Registration. The District hereby appoints the District Secretary to act as bond registrar, transfer agent and paying agent for the Series 2021A Bond (the “Registrar”). The District reserves the right to appoint a bank, trust company or fiscal company as successor bond registrar, transfer agent or paying agent, as authorized by the Model Public Obligations Registration Act of Montana (the “Registration Act”), but the District agrees to pay the reasonable and customary charges of the Registrar for the services performed. This Section 3.02 shall establish a system of registration for the Series 2021A Bond as defined in the Registration Act. The effect of registration and the rights and duties of the District and the Registrar with respect thereto shall be as follows:

(a) Bond Register. The Registrar shall keep at its principal office a Bond Register in which the Registrar shall provide for the registration of ownership of Series 2021A Bond and the registration of transfers and exchanges thereof. The Bond Register will show that the original Owner of the Series 2021A Bond is First Security Bank, Division of Glacier Bank, as the Purchaser thereof.

(b) Transfer. The Series 2021A Bond may be transferred in whole and not in part. Upon surrender for transfer of the Series 2021A Bond duly endorsed by the Owner or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the Owner thereof or by an attorney duly authorized by the Owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Series 2021A Bond of a like aggregate principal amount, interest rate and maturity. The Registrar may, however, close the books for registration of transfer of the Series 2021A Bond or portion thereof selected or called for redemption.

(c) Exchange. Whenever the Series 2021A Bond is surrendered by the Owner for exchange, the Registrar shall authenticate and deliver a new Series 2021A Bond of a like aggregate principal amount, interest rate and maturity.

(d) Cancellation. The Series 2021A Bond surrendered upon any transfer or exchange shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the District.

(e) Improper or Unauthorized Transfer. When the Series 2021A Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Series 2021A Bond or separate instrument of

transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owner. The District and the Registrar may treat the Person in whose name the Series 2021A Bond is at any time registered in the Bond Register as the absolute owner of such Series 2021A Bond, whether the Series 2021A Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on the Series 2021A Bond and for all other purposes, and all such payments so made to any such Owner or upon the Owner's order shall be valid and effectual to satisfy and discharge the liability of the District upon the Series 2021A Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of the Series 2021A Bond (except upon a partial redemption of the Series 2021A Bond pursuant to Section 2.03), the Registrar may impose a charge upon the Owner sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Series 2021A Bond. In case the Series 2021A Bond shall become mutilated or be lost, stolen or destroyed, the Registrar shall deliver a new Series 2021A Bond of a like principal amount, number, interest rate and maturity in exchange and substitution for and upon cancellation of any such mutilated Series 2021A Bond or in lieu of and in substitution for any Series 2021A Bond lost, stolen or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Series 2021A Bond lost, stolen or destroyed, upon filing with the Registrar of evidence satisfactory to it that the Series 2021A Bond was lost, stolen or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the District and the Registrar shall be named as obligees. A Series 2021A Bond so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the District. If the mutilated, lost, stolen or destroyed Series 2021A Bond has already matured or such Series 2021A Bond has been called for redemption in accordance with its terms, it shall not be necessary to issue a new Series 2021A Bond prior to payment.

3.03. Redemption. The Series 2021A Bond is subject to redemption on any date with 15 days' prior written notice, at the option of the District, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date, without premium. Following the Amortization Date, while the WRRF Contribution is available to the District, the District will prepay the Series 2021A Bond from then-accumulated WRRF Contribution funds and any other amounts on hand in the WRRF Prepayment Account on or as of each July 1.

If the Series 2021A Bond is prepaid in part, the then-registered Owner of the Series 2021A Bond will reamortize the principal remaining upon redemption and prepayment at the interest rate over the then-remaining term. Upon partial redemption and prepayment there shall be no need to exchange the unredeemed portion of the existing Series 2021A Bond for a new

Series 2021A Bond; provided that the amortization schedule attached as Schedule 2 to the form of the Series 2021A Bond shall be replaced by an amortization schedule reflecting the reamortization of the principal then outstanding in the manner described above.

3.04. Execution and Delivery. The Series 2021A Bond shall be forthwith prepared for execution under the direction of the Secretary and shall be executed on behalf of the District by the signatures of the President of the Board and the Secretary, provided that said signatures may be printed, engraved or lithographed facsimiles thereof. Notwithstanding such execution, no Series 2021A Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Series 2021A Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Series 2021A Bonds need not be signed by the same representative. The executed certificate of authentication the Series 2021A Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Series 2021A Bond has been fully executed and authenticated, it shall be delivered by the Registrar to the Purchaser upon payment of the purchase price, and the Purchaser shall not be obligated to see to the application of the purchase price.

3.05. Form of Series 2021A Bond. The Series 2021A Bond shall be prepared in substantially the form set forth in Exhibit B hereto and by this reference are made a part hereof, with such changes as may be necessary or desirable.

Section 4. Additional Bonds.

4.01. General Provisions. In addition to the Series 2021A Bond, whose issuance and delivery is provided for in Section 3, Additional Bonds may at any time and from time to time be issued, sold and delivered by the District but only upon compliance with the conditions of Sections 4.02 and 4.03, whichever may be applicable, and upon filing with the Secretary the following:

(a) A Supplemental Resolution authorizing the issuance of such series of Additional Bonds and the sale thereof to the Purchaser named therein for the purchase price set forth therein.

(b) A certificate executed by the President of the Board and the Secretary stating that upon the issuance of such series of Additional Bonds, no default hereunder has occurred and is continuing which would not be cured upon the issuance of such series of Additional Bonds and application of the proceeds thereof, and that on the date of issuance of such Additional Bonds, the balance in the Reserve Account equals the Reserve Requirement, which shall be calculated assuming the issuance of the Additional Bonds (and the defeasance of any Bonds to be defeased by application of the proceeds of the Additional Bonds on the date of issuance thereof) and based on the principal amount of the Additional Bonds advanced. If the Additional Bonds are to be secured by a separate subaccount within the Reserve Account, the District shall covenant to satisfy requirements with regard to funding such subaccount as of the date of issuance of the Additional Bonds.

(c) An opinion of Bond Counsel (who may rely on factual representations of the District and which opinion may be qualified by customary qualifications and exceptions) stating that:

(A) all conditions precedent provided for in this Resolution relating to the issuance and delivery of such series of Additional Bonds have been complied with, including any conditions precedent specified in this Section 4.01; and

(B) the series of Additional Bonds when issued and delivered by the District will be valid and binding special, limited obligations of the District in accordance with their terms and entitled to the benefits of and secured by this Resolution.

Additional Bonds of each series may bear such dates, be payable at such places and on such dates, bear interest at such rates, be secured by the Reserve Account or a subaccount therein, and may be redeemable on such dates and at such prices all upon such terms as the District may determine.

The District shall not incur indebtedness payable from Gross Revenues, and shall not pledge Net Revenues to the repayment of indebtedness, other than as described in this Section 4. The District shall not incur indebtedness payable from the WRRF Contribution or pledge the WRRF Contribution to the repayment of indebtedness other than the Series 2021A Bond or Bonds that refund the Series 2021A Bond.

4.02. Additional Bonds to Pay the Cost of Projects. Additional Bonds may be issued at any time and from time to time under this Section 4.02, subject to the conditions in Sections 4.01 and 4.02, for the purpose of providing funds to pay the cost of one or more Projects and any expenses in connection with such financing.

(a) Prior to the execution and delivery of any series of Additional Bonds under this Section 4.02, there shall be filed with the Secretary a certificate executed by the President of the Board and the Secretary stating that the Net Revenues of the System for the last complete Fiscal Year preceding the date of issuance of such Additional Bonds produced a Debt Service Coverage Ratio equal to at least 115%, taking into account all Bonds then Outstanding (as adjusted with regard to the Series 2021A Bond as described in subparagraphs (b) through (d) below) and the maximum Principal and Interest Requirements on the Additional Bonds proposed to be issued in any future Fiscal Year.

For the purpose of the foregoing computation, the Net Revenues for the Fiscal Year preceding the issuance of Additional Bonds shall be those shown by the financial reports caused to be prepared by the District pursuant to this Resolution, except that if the rates and charges for services provided by the System have been changed since the beginning of such preceding Fiscal Year, then the rates and charges in effect at the time of issuance of the Additional Bonds or finally authorized to go into effect within 60 days thereafter shall be applied to the quantities of service actually rendered and made available during such preceding Fiscal Year to ascertain the Gross Revenues, from which there shall be deducted to determine the Net Revenues, the actual Operating Expenses for such

preceding Fiscal Year, plus any additional annual Operating Expenses which the District estimates will be incurred because of the improvement or extension of the System to be constructed from the proceeds of the Additional Bonds proposed to be issued.

(b) Subject to paragraphs (c) and (d) below, with respect to the Series 2021A Bond and for the purpose of determining the amount of the maximum Principal and Interest Requirements of the Series 2021A Bond that should be included in the calculation of the Debt Service Coverage Ratio test described in paragraph (a) above, the District shall include in the Debt Service Coverage Ratio test with respect to the Series 2021A Bond the difference remaining after subtracting the amount of the WRRF Contribution actually received in the prior Fiscal Year from the maximum Principal and Interest Requirements on the Series 2021A Bond. If the difference resulting from subtracting the amount of the WRRF Contribution actually received in the prior Fiscal Year from maximum Principal and Interest Requirements on the Series 2021A Bond is zero or less, the Principal and Interest Requirements on the Series 2021A Bond are disregarded for purposes of the Debt Service Coverage Ratio test described in paragraph (a).

(c) In the event that the remaining amount of the WRRF Contribution to be received under the Interlocal Agreement (expected to occur in the Fiscal Year ending June 30, 2029, if WRRF Contribution is received in accordance with Exhibit A to the Interlocal Agreement) is less than the WRRF Contribution actually received in the prior Fiscal Year, the President and Secretary shall use the remaining amount of the WRRF Contribution to be received instead of the amount of the WRRF Contribution actually received in the prior Fiscal Year for the calculations described in paragraph (b).

(d) Following receipt of the WRRF Contribution in full, whether because the District receives the full \$27,000,000 or because the Infrastructure Resort Tax terminates, the Series 2021A Bond is payable solely from and secured by Net Revenues, and once the WRRF Contribution has been received by the District in full, the Principal and Interest Requirements on the Series 2021A Bond will not be disregarded or adjusted as described in paragraphs (b) and (c) for purposes of the Debt Service Coverage Ratio test described in paragraph (a).

4.03. Additional Bonds for Refunding Purposes. Additional Bonds may be issued at any time and from time to time under this Section 4.03, subject to the conditions provided in Section 4.01 and this Section 4.03, for the purpose of providing funds, with any other funds available and committed therefor, for paying at, or redeeming prior to, their final Payment Date any Outstanding Bonds, including the payment of any redemption premium thereon and interest which will accrue on such Bonds to any redemption date or the final Payment Dates thereof, and any expenses in connection with such financing. Such Additional Bonds shall be designated substantially as the Bonds to be refunded, with the addition of the term “Refunding.”

Prior to the execution and delivery of any series of Additional Bonds under this Section 4.03, there shall be filed with the Secretary:

(a) such documents as shall be required to show that provisions have been duly made in accordance with this Resolution for the refunding of the Outstanding Bonds to be refunded; and

(b) a certificate executed by the President of the Board and the Secretary to the effect that (a) the proceeds (excluding accrued interest but including any premium) of the Additional Bonds plus any moneys to be withdrawn from the Debt Service Account and Reserve Account for such purpose, together with any other funds deposited for such purpose, will be not less than an amount sufficient to pay the redemption price on the Outstanding Bonds to be refunded, or (b) from such proceeds there shall be deposited in trust, Defeasance Obligations, the principal of and the interest on which when due and payable (or redeemable at the option of the holder thereof) will provide, together with any other moneys which shall have been deposited in trust irrevocably for such purpose, but without reinvestment, sufficient moneys to pay such principal, redemption premium and interest. In providing the certificate under this subparagraph (b), the President and Secretary may rely on calculations provided by the Owner of the Bonds being refunded, a verification agent, or a certificate of sufficiency provided by an underwriter or municipal advisor.

If Additional Bonds are issued to refund Subordinate Obligations or Bond Anticipation Notes, the conditions for the issuance of Additional Bonds pursuant to Section 4.02 shall be satisfied in lieu of this Section 4.03.

4.04. Subordinate Obligations. Nothing herein prevents the District from issuing Subordinate Obligations having a lien on the Net Revenues subordinate to the lien thereon of the Bonds under this Resolution and payable solely from amounts in the Subordinate Obligations Account, subject to the prior claims of the Operating Account, Debt Service Account, Reserve Account and Note Account; provided that no Subordinate Obligation may be issued if the District is then in default under any terms of this Resolution, including with respect to the Debt Service Coverage Ratio requirements described in Section 6.07 herein, unless such default would be cured by the issuance of such Subordinate Obligation. Each Subordinate Obligation shall include in its title a word or phrase such as “subordinate” or “junior” or “second lien” and a clear statement that the lien thereof on Net Revenues is subordinate to the lien of all Bonds on the Net Revenues. No payment of principal or interest shall be made on any Subordinate Obligation if the District is then in default in the payment of principal of or interest on any Bond or if there is a deficiency in the Operating Account, the Debt Service Account, the Reserve Account or the Note Account.

4.05. Grant Anticipation Notes; Bond Anticipation Notes. The District may from time to time issue notes in anticipation of receipt of grant funds (“Grant Anticipation Notes”), or in anticipation of the issuance of Additional Bonds (“Bond Anticipation Notes”) subject to the following conditions:

(a) The Additional Bonds in anticipation of which Bond Anticipation Notes are issued, assuming a rate of interest and a term on the Additional Bonds as reasonably determined by the District, shall be authorized to be issued under Section 4.02 (provided that when calculating the debt service coverage requirements set forth in Section 4.02, the

District shall use the final stated maturity or Payment Date of the Additional Bonds and not the final stated maturity or Payment Date of the Bond Anticipation Notes in such calculation).

(b) The payment of interest on Grant Anticipation Notes and Bond Anticipation Notes from the Net Revenues shall be subordinated to Outstanding Bonds.

(c) Unless the District shall have other funds legally available to pay and defease Grant Anticipation Notes or Bond Anticipation Notes, the principal of the Grant Anticipation Notes shall be payable solely from the receipt of grant funds, and the principal of the Bond Anticipation Notes shall be payable solely from the proceeds of the Additional Bonds, unless the District is unable to sell the Additional Bonds, in which case the Bond Anticipation Notes shall be exchanged for the Additional Bonds on a par-for-par basis.

(d) Grant Anticipation Notes and Bond Anticipation Notes shall mature by no later than three years after their date of issue, or such longer period as may be permitted by law.

Section 5. Sewer System Fund.

5.01. Bond Proceeds, Gross Revenues and WRRF Contribution Pledged and Appropriated. A special Sewer System Fund is hereby created and shall be maintained as a separate bookkeeping account on the official books of the District until all Bonds and interest and redemption premiums due thereon have been fully paid, or the District's obligations with reference to such Bonds have been discharged as provided in Section 9. All proceeds of Bonds (other than refunding Bonds) and all other funds presently on hand derived from the operation of the System are irrevocably pledged and appropriated to the Sewer System Fund. In addition, there is hereby irrevocably pledged and appropriated to the Sewer System Fund all Gross Revenues, all of the WRRF Contribution and all investment earnings on all funds and accounts within the Sewer System Fund. Within the Sewer System Fund are separate accounts designated and described in Sections 5.02 through 5.11, to segregate income and expenses received, paid and accrued for the respective purposes described in those Sections. The Gross Revenues received in the Sewer System Fund shall be apportioned quarterly. All WRRF Contribution amounts shall be apportioned upon receipt.

5.02. Construction Account. The Construction Account is hereby established as a separate account within the Sewer System Fund. The Construction Account shall be used only to pay as incurred and allowed Project costs which under accepted accounting practice are capital costs of Projects authorized in accordance with law, including but not limited to payments due for work and materials performed and delivered under construction contracts, architectural, engineering, inspection, supervision, fiscal and legal expenses, the cost of lands and easements, interest accruing on Bonds during the period of construction of facilities financed thereby and for six months thereafter, if and to the extent that the Debt Service Account is not sufficient for payment of such interest, reimbursement of any advances made from other District funds, and all other expenses incurred in connection with the construction and financing of Projects, including the costs of issuance of Bonds, Subordinate Obligations, notes or other obligations. To the

Construction Account shall be credited as received all proceeds of Bonds issued to finance Projects and any other funds appropriated by the District for an improvement, betterment or extension to the System, and all income received from the investment of the Construction Account. In addition, prior to the Amortization Date, the WRRF Contribution shall be appropriated to the Construction Account and applied to costs of the WRRF Project and to the WRRF Debt Service Subaccount and applied to monthly interest-only payments on the Series 2021A Bond, as described in Section 5.04(a), as directed by the District. Upon completion of a Project other than the WRRF Project, the balance remaining in the Construction Account, net of any amounts required to be transferred to the Rebate Account as required in Section 5.11, shall be credited to the Debt Service Account to the extent required to establish the required balance therein or as required by the Code and, to the extent not so required, to the Replacement and Depreciation Account. Upon completion of the WRRF Project, any balance remaining in the Construction Account, net of any amounts required to be transferred to the Rebate Account as required in Section 5.11, shall be credited to the WRRF Prepayment Account.

5.03. Operating Account. The Operating Account is hereby established as a separate account within the Sewer System Fund. On each quarterly apportionment there shall first be set aside and credited to the Operating Account, as a first charge on the Gross Revenues, such amount as may be required over and above the balance then held in the account to pay the reasonable and necessary Operating Expenses of the System which are then due and payable, or are to be paid prior to the next quarterly apportionment. There shall also be credited to this account a sum equal to the estimated average quarterly Operating Expenses of the System to establish the "Operating Reserve," which sum shall be maintained by additional transfers upon each quarterly apportionment whenever necessary, or may be augmented by transfers of additional amounts from the Replacement and Depreciation Account and the Surplus Account if determined by the governing body of the District to be necessary to meet contingencies arising in the operation and maintenance of the System. Money in the Operating Account shall be used solely for the payment of current Operating Expenses of the System.

5.04. Debt Service Account. The Debt Service Account is hereby established as a separate account within the Sewer System Fund. Within the Debt Service Account are hereby established two subaccounts: the General Debt Service Subaccount and the WRRF Debt Service Subaccount.

(a) WRRF Debt Service Subaccount. Until the earlier of receipt of the WRRF Contribution in full or July 31, 2032, the District shall maintain the WRRF Debt Service Subaccount and the Series 2021A Bond shall be payable therefrom. Prior to the Amortization Date, the WRRF Contribution shall be appropriated to the Construction Account and applied to costs of the WRRF Project as described in Section 5.02 and to the WRRF Debt Service Subaccount and applied to the monthly interest-only payments on the Series 2021A Bond, as directed by the District. From and after the Amortization Date, upon each quarterly apportionment of the WRRF Contribution, the full amount of the WRRF Contribution shall be credited as received to the WRRF Debt Service Subaccount until the balance therein is equal to all interest principal and interest coming due on the Series 2021A Bond in the then-current Fiscal Year (treating each July 1 payment of the Series 2021A Bond as a part of the prior Fiscal Year). In the event the WRRF Contribution is not sufficient to fund the WRRF Debt Service Subaccount in such

an amount, upon the next quarterly apportionment of the Net Revenues, there shall be set aside and credited to the WRRF Debt Service Subaccount Net Revenues in an amount equal to such deficiency, pro rata with the then-current requirements of the General Debt Service Subaccount. To the extent the WRRF Contribution exceeds the then-current requirements of the WRRF Debt Service Subaccount, the excess WRRF Contribution shall be deposited in the WRRF Prepayment Account.

Money from time to time held in the WRRF Debt Service Subaccount shall be disbursed only to meet payments of principal of and interest on the Series 2021A Bond as such payments become due; provided that on any date when the amount then on hand in the WRRF Debt Service Subaccount, plus the amounts on hand in the Series 2021A Reserve Subaccount and in the WRRF Prepayment Account, is sufficient with other moneys available for the purpose of paying or discharging the Series 2021A Bond and the interest accrued thereon in full, it may be used for that purpose. If any payment of principal or interest becomes due on the Series 2021A Bond when money in the WRRF Debt Service Subaccount is temporarily insufficient therefor, such payment shall be advanced from available funds then on hand in the WRRF Prepayment Account, the Series 2021A Reserve Subaccount, the Replacement and Depreciation Account or the Surplus Account, in that order.

If the WRRF Contribution is received prior to a Payment Date in an amount sufficient to pay all principal of and interest on the Series 2021A Bond due on such Payment Date, the District may substitute Net Revenues on hand in the WRRF Debt Service Subaccount with the WRRF Contribution and transfer such Net Revenues to the General Debt Service Subaccount or Reserve Account, to the extent of any deficiency therein, and then to the Subordinate Obligations Account, to the extent of any deficiency therein, and then to the WRRF Prepayment Account, the Replacement and Depreciation Account or Surplus Account, in the discretion of the Board.

After the earlier of receipt of the WRRF Contribution in full or July 31, 2032, the WRRF Debt Service Subaccount shall terminate and, from and after that time, the Series 2021A Bond shall be payable from the General Debt Service Subaccount.

(b) General Debt Service Subaccount. Upon each quarterly apportionment there shall be credited to the General Debt Service Subaccount out of the Net Revenues remaining after the credit to the Operating Account and pro rata with any credits required to be made to the WRRF Debt Service Subaccount, an amount equal to not less than one-half of the interest to become due within the next six months and one-fourth of the principal to become due within the next twelve months on all Outstanding Bonds payable semiannually from the General Debt Service Subaccount; provided that the District shall be entitled to reduce a quarterly apportionment by the amount of any surplus previously credited and then on hand in the General Debt Service Subaccount. Money from time to time held in the General Debt Service Subaccount shall be disbursed only to meet payments of principal of and interest on the Bonds payable from the General Debt Service Subaccount as such payments become due; provided that on any date when the amount then on hand in the General Debt Service Subaccount allocable to a series of Bonds payable from the General Debt Service Subaccount, plus the amount in the

Reserve Account or subaccount therein allocable to such series of Bonds, is sufficient with other moneys available for the purpose to pay or discharge all Bonds of that series and the interest accrued thereon in full, it may be used for that purpose. If any payment of principal or interest becomes due on Bonds payable from the General Debt Service Reserve when money in the General Debt Service Subaccount is temporarily insufficient therefor, such payment shall be advanced from available funds then on hand in the Reserve Account or subaccount therein (for Bonds secured by the Reserve Account or a subaccount therein), the Replacement and Depreciation Account or the Surplus Account, in that order.

The Series 2021A Bond becomes payable from the General Debt Service Subaccount only after the earlier of receipt of the WRRF Contribution in full or July 31, 2032; and prior to such time is payable from the WRRF Debt Service Subaccount.

(c) Parity of Net Revenue Pledge. Prior to the earlier of receipt of the WRRF Contribution in full or July 31, 2032, the District shall allocate Net Revenues to that portion of the WRRF Debt Service Subaccount required to be filled after application of WRRF Contribution and to the General Debt Service Subaccount pro rata, in proportion to the Principal and Interest Requirements then payable on all Outstanding Bonds, after deducting the amount of WRRF Contribution then in the WRRF Debt Service Subaccount from the Principal and Interest Requirements of the Series 2021A Bond.

5.05. Reserve Account.

(a) The District shall maintain a Reserve Account in the Sewer System Fund. The District hereby establishes two subaccounts in the Reserve Account: the Series 2021 Reserve Subaccount and the General Reserve Subaccount. The District reserves the right to create a separate subaccount within the Reserve Account to secure any particular series of Bonds and to provide for a separate reserve requirement and manner of funding such subaccount.

(b) The Series 2021A Bond is secured by amounts on hand in the Series 2021A Reserve Subaccount. The District hereby covenants to maintain the balance of the Series 2021A Reserve Subaccount in an amount equal to the Series 2021A Reserve Requirement.

(i) On the date of issuance of the Series 2021A Bond, the District will deposit \$1,811,386 in the Series 2021A Reserve Subaccount from funds it has on hand and available therefor. Following such deposit, on the date of issuance of the Series 2021A Bond, the balance in the Series 2021A Reserve Subaccount (\$1,811,386), will be equal to the Series 2021A Reserve Requirement with respect to the Series 2021A Bond. Thereafter, upon each quarterly apportionment, from Net Revenues remaining after the apportionment to the Debt Service Account, the District shall credit to the Series 2021A Reserve Subaccount, on a ratable basis with any required credits to the General Reserve Subaccount as described in subparagraph (c), such additional Net Revenues as may be required to establish

and thereafter maintain the balance in the Series 2021A Reserve Subaccount in an amount equal to the Series 2021A Reserve Requirement.

(ii) Money in the Series 2021A Reserve Subaccount shall be used only to pay maturing principal, premium (if any) and interest on the Series 2021A Bond when money within the WRRF Debt Service Subaccount or General Debt Service Subaccount, as applicable, is insufficient therefor; provided that if the amount on hand in the Series 2021A Reserve Subaccount, together with amounts on hand for the Series 2021A Bond in the WRRF Debt Service Subaccount or General Debt Service Subaccount, as applicable, is sufficient with any other money available for the purpose to pay and redeem the Series 2021A Bond in full, it may be used for such purpose.

(iii) If the balance in the Series 2021A Reserve Subaccount, which is funded by District funds and not proceeds of the Series 2021A Bonds, is more than required, the excess shall be transferred to the WRRF Debt Service Subaccount, the WRRF Prepayment Account, the Subordinate Obligations Account, the Replacement and Depreciation Account or the Surplus Account.

(iv) If the audited financial statements of the District for two consecutive Fiscal Years show that the District has met a Debt Service Coverage Ratio on the Series 2021A Bond and any other Bonds then Outstanding of 115% based solely on Net Revenues and without taking into account the WRRF Contribution, the District shall no longer be required to retain amounts in the Series 2021A Reserve Subaccount, the Series 2021A Bond shall cease to be secured by amounts on hand in the Series 2021A Reserve Subaccount, and the Series 2021A Reserve Subaccount shall terminate. The amount in the Series 2021A Reserve Subaccount following such occurrence will be transferred to the WRRF Debt Service Subaccount, the WRRF Prepayment Account, the Subordinate Obligations Account, the Replacement and Depreciation Account or the Surplus Account, as determined by the District in its discretion.

(c) Following the issuance of Bonds secured by the General Reserve Subaccount, the District shall maintain a balance within the General Reserve Subaccount equal to the General Reserve Requirement.

(i) Thereafter, upon each quarterly apportionment, if the balance in the General Reserve Subaccount is less than the General Reserve Requirement, the District shall credit to the General Reserve Subaccount, on a ratable basis with required credits to the Series 2021A Reserve Subaccount, Net Revenues remaining after the required credits to the Debt Service Account until the balance therein is equal to the General Reserve Requirement.

(ii) Money in the General Reserve Subaccount shall be used only to pay maturing principal, premium (if any) and interest on Bonds secured by the General Reserve Subaccount when money within the General Debt Service Subaccount for such Bonds is insufficient therefor; provided that if the amount on

hand in the General Reserve Subaccount for a series of Bonds secured thereby, together with amounts on hand for such Bonds in the General Debt Service Subaccount is sufficient with any other money available for the purpose to pay and redeem such series of Bonds in full, it may be used for that purpose.

(iii) If the balance in the General Reserve Subaccount is more than required, the excess shall be transferred to the General Debt Service Subaccount, the Subordinate Obligations Account, the Replacement and Depreciation Account or the Surplus Account, unless proceeds of tax-exempt Bonds funded the amount in the General Reserve Subaccount, in which case the excess shall be transferred to the General Debt Service Subaccount.

5.06. Subordinate Obligations Account. There is hereby established a Subordinate Obligations Account within the Sewer System Fund, and two subaccounts are established within the Subordinate Obligations Account therein: the Subordinate Debt Service Account and the Subordinate Reserve Account. Upon each quarterly apportionment, there shall be credited to the Subordinate Debt Service Account, from the Surplus Net Revenues, such amount as may be required to pay Subordinate Obligations, and to the Subordinate Reserve Account, such amount as may be required to maintain a balance therein equal to the Subordinate Reserve Requirement, as provided by any Supplemental Resolution or other instrument. Money on hand in the Subordinate Obligations Account shall be transferred to the Operating Account, the Debt Service Account or the Reserve Account if at any time the balance on hand in any such accounts, after any transfer elsewhere authorized, is not sufficient to pay all costs payable therefrom.

5.07. WRRF Prepayment Account. The WRRF Prepayment Account is hereby established as a separate account within the Sewer System Fund. There shall be set aside and credited, upon each semiannual apportionment of the WRRF Contribution, any amounts of the WRRF Contribution in excess of the current requirements of the WRRF Debt Service Subaccount. In addition, there may be set aside and credited to the WRRF Prepayment Account, upon each quarterly apportionment of Net Revenues, any portion of the Surplus Net Revenues in excess of the current requirements of the Subordinate Obligations Account, and any amounts on hand in the Replacement and Depreciation Account (including Plant Investment Charges) or the Surplus Account, in the discretion of the District. As of each July 1, all amounts then on hand in the WRRF Prepayment Account will be applied to prepay principal amounts of the Series 2021A Bond. Amounts in the WRRF Prepayment Account shall be used only to prepay the Series 2021A Bond or transferred into the WRRF Debt Service Subaccount as provided in Section 5.04(a) hereof, and for no other purpose.

5.08. Replacement and Depreciation Account. The Replacement and Depreciation Account is hereby established as a separate account within the Sewer System Fund. There shall be set aside and credited to the Replacement and Depreciation Account (i) Plant Investment Charges upon receipt, and (ii) upon each quarterly apportionment, such portion of the Surplus Net Revenues in excess of the current requirements of the Subordinate Obligations Account as the District shall determine to be required for replacement or renewal of worn out, obsolete or damaged properties and equipment thereof. Money in the Replacement and Depreciation Account shall be used only for the purposes above stated, and funds in excess of the current requirements of the Replacement and Depreciation Account may be credited to the Operating

Account, Debt Service Account, WRRF Prepayment Account, Subordinate Obligations Account, Note Account or the Surplus Account. The District may establish one or more subaccounts in the Replacement and Depreciation Account by Supplemental Resolution in connection with the issuance of a series of Additional Bonds.

5.09. Surplus Account. The Surplus Account is hereby established as a separate account within the Sewer System Fund. Any amount of the Surplus Net Revenues from time to time remaining after the above-required applications thereof shall be credited to the Surplus Account, and the moneys from time to time in that account, when not required to restore a current deficiency in the Operating Account, Debt Service Account, Reserve Account, Subordinate Obligations Account, Replacement and Depreciation Account or Note Account may be used for any lawful purpose in accordance with the Act; provided that no money shall at any time be transferred from the Surplus Account or any other account of the Sewer System Fund to any other fund of the District, nor shall such moneys at any time be loaned to other District funds or invested in warrants, special improvement bonds or other obligations payable from other funds, except as provided in Section 5.12.

5.10. Note Account. Upon the issuance of a Grant Anticipation Note or Bond Anticipation Note, the District shall establish a Note Account within the Sewer System Fund. The Note Account is used for deposit of proceeds of definitive Bonds or grants, the proceeds of which are to be used to pay and redeem Bond Anticipation Notes or Grant Anticipation Notes, respectively, and the District may transfer amounts from the Surplus Account or Replacement and Depreciation Account to the Note Account.

5.11. Rebate Account. The Rebate Account is hereby established as a separate account within the Sewer System Fund. The District shall make deposits to and disbursements from the Rebate Account or subaccounts therein in accordance with a Rebate Certificate, and shall invest the money on hand in the Rebate Account pursuant to the requirements of the Rebate Certificates, and shall deposit income from such investments immediately upon receipt thereof in the Rebate Account.

5.12. Deposit and Investment of Funds. The Secretary shall cause all moneys from time to time in the Sewer System Fund to be deposited as received with one or more depository banks duly qualified in accordance with the provisions of Montana Code Annotated, Title 7, Chapter 6, Part 2, as amended, and no money shall at any time be withdrawn from such deposit accounts except for the purposes of the Sewer System Fund as defined and authorized by this Resolution. The funds to the credit of the Sewer System Fund may be commingled in one or more deposit accounts. The balance on hand in the Sewer System Fund may at any time be invested and reinvested in accordance with applicable law, including Montana Code Annotated, Title 7, Chapter 6, Part 2, as amended.

Section 6. Other Covenants of District.

6.01. General. The District covenants and agrees with the Owners from time to time of all Bonds that until all Bonds are fully discharged as provided in this Resolution, it will continue to hold, maintain and operate the System as a public convenience, free from all liens thereon or on the income therefrom other than the liens herein granted or provided for, and will maintain,

expend and account for its Sewer System Fund and the several accounts therein as provided in Section 5, and will not incur a further lien or charge on the income or revenues of the System except upon the conditions and in the manner prescribed in Section 4, and will perform and cause all officers and employees of the District to perform and enforce each and all of the additional covenants and agreements set forth in this Section 6. The District further covenants to cause the System to be properly maintained in good operating condition.

6.02. Competing Service. The District will not establish or enfranchise any other facilities in competition with the facilities of the System. The District reserves the right, however, to participate in and pursue the Canyon Project as defined in the Interlocal Agreement.

6.03. Property Insurance. The District will cause all buildings, properties, fixtures and equipment constituting a part of the System to be kept insured with a reputable insurance carrier or carriers, qualified under the laws of the State, in such amounts as are ordinarily carried, and against loss or damage by such hazards and risks as are ordinarily insured against, by public bodies owning and operating properties of a similar character and size; provided that if at any time the District is unable to obtain insurance, it will obtain insurance in such amounts and against such risks as are reasonably obtainable. The proceeds of all such insurance shall be available for the repair, replacement or reconstruction of damaged or destroyed property, and until paid out in making good such loss or damage, are pledged as security for the Outstanding Bonds. All insurance proceeds received in excess of the amount required for restoration of the loss or damage compensated thereby shall be and become part of the Gross Revenues appropriated to the Sewer System Fund. If for any reason insurance proceeds are insufficient for the repair, replacement and reconstruction of the insured property, the District shall supply the deficiency from amounts on hand in the Replacement and Depreciation Account and the Surplus Account. The premiums for all insurance required by this Section 6.03 constitute part of the Operating Expenses of the System. The Original Purchaser will be named as an additional insured and loss payee following completion of the WRRF Project. In addition, the Original Purchaser will be named a loss payee under the general contractor's builder's risk insurance policy.

6.04. Liability Insurance and Surety Bonds. The District will carry insurance against liability of the District and its employees for damage to persons and property resulting from the operation of the System in such amounts as the District determines from time to time to be necessary or advisable by reason of the character and extent of such operation. It will also cause all persons handling money and other assets of the Sewer System Fund to be adequately bonded for the faithful performance of their duties and to account for and pay over such money to the District. All amounts received under such insurance and bonds shall be applied to the payment of the loss or damage covered thereby. The premiums for all insurance and bonds required by this Section 6.04 constitute part of the Operating Expenses of the System.

6.05. Disposition of Property. The District will not mortgage, lease, sell or otherwise dispose of any real or personal properties of the System, unless:

- (a) Prior to or simultaneous with such mortgage, lease, sale or other disposition, all of the Bonds and Subordinate Obligations then Outstanding shall be discharged as provided in Section 9; or

(b) (i) The properties to be mortgaged, leased sold or otherwise disposed of are unserviceable, inadequate, obsolete or no longer required for use in connection with the System; (ii) the mortgage, lease, sale or other disposition will not prevent the District from complying with the provisions of this Resolution; and (iii) all proceeds of the mortgage, lease, sale or other disposition of such properties are deposited into the Sewer System Fund.

6.06. Books and Records. The District will cause proper and adequate books of record and account to be kept showing complete and correct entries of all receipts, disbursements and other transactions relating to the System, the Net Revenues derived from its operation, and the segregation and application of the Net Revenues in accordance with this Resolution, in such reasonable detail as may be determined by the District in accordance with generally accepted accounting practice and principles. It will cause such books to be maintained on the basis of a Fiscal Year. The cost of such bookkeeping and audits and of the billings and collection of the Net Revenues shall be Operating Expenses of the System.

6.07. Rates and Charges.

(a) While any Bonds or Subordinate Obligations are Outstanding and unpaid, the rates, charges and rentals for all services and facilities furnished and made available by the System to the District and its inhabitants, and to all customers within or without the boundaries of the District, shall be reasonable and just, taking into consideration the cost and value of the System and the cost of maintaining and operating it, and the amounts necessary for the payment of all Outstanding Bonds and the interest accruing thereon and all Subordinate Obligations and the interest accruing thereon and to fund reserves, and the proper and necessary allowances for the depreciation of the System. No free service shall be provided to any third parties. It is covenanted and agreed that the rates, charges and rentals to be charged to all recipients of sewer services shall be maintained and shall be revised whenever and as often as may be necessary, according to schedules such that:

(i) Gross Revenues for each Fiscal Year shall be sufficient to pay the Operating Expenses and to maintain the Operating Reserve;

(ii) Net Revenues (and, with respect to the Series 2021A Bond, the WRRF Contribution) during each Fiscal Year, commencing with the Fiscal Year ending June 30, 2021, shall be sufficient to produce a Debt Service Coverage Ratio of 115%; and

(iii) Net Revenues remaining after the required deposits to the Debt Service Account shall be sufficient to maintain the balance in the Reserve Account (or any subaccount therein, including the Series 2021A Reserve Subaccount) equal to the Reserve Requirement; and

(iv) Surplus Net Revenues during each Fiscal Year shall be sufficient to meet the current requirements of the Subordinate Debt Service Account, to

fund the Subordinate Reserve Account, if necessary, and to provide reserves for the replacement and depreciation of the System.

For purposes of the debt service coverage calculation described in Section 6.07(a)(ii), until the earlier of receipt by the District of the entire amount of the WRRF Contribution or July 31, 2032, the District may take into account the amount of the WRRF Contribution actually received in each Fiscal Year, in an amount up to 115% of the maximum Principal and Interest Requirements on the Series 2021A Bond in the current or any future Fiscal Year.

(b) In addition, for the sole benefit of the Owner of the Series 2021A Bond, to ensure that the District will be in position to have Net Revenues sufficient to produce a Debt Service Coverage Ratio of 115% after the WRRF Contribution has been made in full, the District shall maintain rates, charges and rentals sufficient to produce Net Revenues, without taking into account any WRRF Contribution amounts, sufficient to produce the Debt Service Coverage Ratios set forth below as of June 30 in each of the years set forth below:

2024	2026	2028	2030	2031
17%	29%	43%	75%	106%

(c) If the audited financial statements of the District show that the Debt Service Coverage Ratio is less than set forth in subparagraph (a) or the audited financial statements of the District regarding each of the fiscal years set forth in the table above show that the Debt Service Coverage Ratio is less than that set forth in subparagraph (b), the District shall (i) determine whether it has Plant Investment Charges or other amounts on hand and available to prepay principal of the Series 2021A Bond, if then-Outstanding, or other Bonds, and (ii) consult an engineer, rate analyst or financial advisor or consultant (the "Rate Analyst"), within 30 days of the District's knowledge of such failure to maintain such Debt Service Coverage Ratio, to make recommendations with respect to the rates, fees and charges of the System and the System's methods of operation and other factors affecting its financial condition in order to increase such Debt Service Coverage Ratio to at least the required amounts set forth in paragraphs (a) and (b) above. The Rate Analyst shall provide its report and recommendations within 60 days of such consultation.

A copy of the Rate Analyst's report and recommendations shall be provided to the Owner of the Series 2021A Bond upon written request. The District shall comply with the recommendations of the Rate Analyst to the extent commercially reasonable in the exercise of its business judgment and to the extent permitted by law. The District shall be deemed in compliance with these covenants, and no default or event of default shall have occurred with respect to these covenants, so long as the District remains in compliance with such recommendations, unless (i) the Debt Service Coverage Ratio in any subsequent year, determined as described under paragraph (a) above, is less than 100%; or (ii) one year after delivery of Rate Analyst's report the Debt Service Coverage Ratio is less than required under paragraphs (a) or (b) above and is not promptly

increased by prepayment of principal of the Series 2021A Bond, if then-Outstanding, and/or by consultation with a Rate Analyst in the manner set forth above.

6.08. Billing. The charges for sewer services shall be billed at least quarterly, and if the bill is not paid within 60 days of the date of billing, or if the customer fails to comply with all rules and regulations established for the System within 60 days after notice of violation thereof (which notice shall be given promptly upon discovery of any such violation), the District shall take appropriate legal action to collect the unpaid charges.

6.09. WRRF Contribution. The District covenants and agrees that it will not consent to any amendment or modification to the Interlocal Agreement that would have the effect of decreasing the Infrastructure Resort Tax or otherwise reducing the amount of WRRF Contribution which would otherwise be collected without the written consent of the Purchaser or then-Owner of the Series 2021A Bond. The District will take such actions as are within its reasonable control to cause the WRRF Contribution to be collected by the Resort Area District and remitted to the District as authorized by the Interlocal Agreement.

6.10. Construction Reporting; Financial Reporting. During the construction of the WRRF Project, written monthly construction reports and updates to the construction budget shall be presented to the Board of Directors of the District and submitted to the Purchaser. The District will provide audited financial statements to the Purchaser on an annual basis on or before January 1 following the end of each Fiscal Year or, if later, within 10 business days of receipt, but in no case later than June 1 following the end of each Fiscal Year.

Section 7. Supplemental Resolutions.

7.01. General. The District reserves the right to adopt Supplemental Resolutions to this Resolution from time to time and at any time, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein, or of making such provisions with regard to matters or questions arising hereunder as the District may deem necessary or desirable and not inconsistent with this Resolution, and which shall not adversely affect the interests of the Owners of Outstanding Bonds, or for the purpose of adding to the covenants and agreements herein contained, or to the Net Revenues herein pledged, other covenants and agreements hereafter to be observed and additional revenues or income hereafter appropriated to the Sewer System Fund, or for the purpose of surrendering any right or power herein reserved to or conferred upon the District, or for the purpose of authorizing the creation and issuance of a series of Additional Bonds, including Bonds secured by a separate subaccount within the Reserve Account, as provided in and subject to the conditions and requirements of Section 4. Any such Supplemental Resolution may be adopted by Supplemental Resolution, without the consent of the Owner of any of the Bonds issued hereunder.

7.02. Consent of Owners. With the consent of the Owners of a majority in principal amount of Outstanding Bonds affected thereby as provided in Section 7.04, the District may from time to time and at any time adopt a Supplemental Resolution for the purpose of amending this Resolution by adding any provisions hereto or changing in any manner or eliminating any of the provisions hereof or of any Supplemental Resolution, except that no Supplemental Resolution shall be adopted at any time without the consent of the Owners of all Outstanding

Bonds affected thereby, if it would extend the time of payment of interest thereon, would reduce the amount of the principal thereof or premium thereon, would give to any Bond or Bonds any privilege over any other Bond or Bonds not contemplated by this Resolution, would reduce the sources of Gross Revenues, WRRF Contribution, Plant Investment Charges or other income appropriated to the Sewer System Fund, or would reduce the percentage in principal amount of such Bonds required to authorize or consent to any such Supplemental Resolution. For purposes of this Section 7.02, Bonds shall be deemed to be “affected” by a Supplemental Resolution if such Supplemental Resolution adversely affects or diminishes the rights of Owners thereof against the District or the Net Revenues.

7.03. Notice. Notice of a Supplemental Resolution to be adopted pursuant to Section 7.02 shall be mailed by first-class mail, postage prepaid, or by such other means as required by the securities depository, to the Owners of all Outstanding Bonds at their addresses appearing in the Bond Register and shall become effective only upon the filing of written consents with the Secretary, signed by the Owners of not less than a majority in principal amount of Outstanding Bonds affected thereby. Any written consent to the Supplemental Resolution may be embodied in and evidenced by one or any number of concurrent written instruments of substantially similar tenor signed by Owners thereof in person or by agent duly appointed in writing, and shall become effective when delivered to the Secretary. Any consent by the Owner of any Bond shall bind that Owner and every future Owner of the same Bond with respect to any Supplemental Resolution adopted by the District pursuant to such consent; provided that any Owner may revoke its consent with reference to any Bond by written notice received by the Secretary before the Supplemental Resolution has become effective. In the event that unrevoked consents of the Owners of the required amount of Bonds have not been received by the Secretary within one year after the publication of notice of the Supplemental Resolution, the Supplemental Resolution and all consents theretofore received shall be of no further force and effect.

7.04. Manner of Consent. Proof of the execution of any consent, or of a writing appointing any agent to execute the same, shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the District if made in the manner provided in this Section 7.04. The fact and date of the execution by any Person of any such consent or appointment may be proved by the affidavit of a witness of such execution or by the certification of any notary public or other officer authorized by law to take acknowledgment of deeds, certifying that the Person signing it acknowledged to him the execution thereof. The fact and date of execution of any such consent may also be proved in any other manner which the District may deem sufficient; but the District may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. The ownership of any Bonds shall be proved by the Bond Register.

Section 8. Remedies. No Owner of any Bond shall have the right to institute any proceeding, judicial or otherwise, for the enforcement of the covenants herein contained without the written concurrence of the Owners of not less than 25% in aggregate principal amount of all such Bonds which are at the time Outstanding; but the Owners of such amount of Bonds may, either at law or in equity, by suit, action or other proceedings, protect and enforce the rights of all Owners of Bonds and compel the performance of any and all of the covenants required herein to be performed by the District and its officers and employees, including but not limited to the fixing and maintaining of rates, fees, charges and rentals and the collection and proper

segregation of the Gross Revenues and the application and use thereof. The Owners of a majority in principal amount of Outstanding Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Owners or the exercise of any power conferred on them and the right to waive a default in the performance of any such covenant, and its consequences, except a default in the payment of the principal of or interest on any Bond when due. Nothing herein, however, shall impair the absolute and unconditional right of the Owner of each Bond to receive payment of the principal of, premium, if any, and interest on such Bond as such principal, premium and interest respectively become due, and to institute suit for any such payment. Any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the District with power to charge and collect rates, fees, charges and rentals sufficient to provide for the payment of any Bonds, and to apply the Gross Revenues, Net Revenues, WRRF Contribution and Plant Investment Charges in conformity with this Resolution and the laws of the State.

Section 9. Defeasance or Discharge.

9.01. General. When the liability of the District on all Bonds issued under and secured by this Resolution and all interest thereon has been discharged as provided in this Section 9, all pledges, covenants and other rights granted by this Resolution to the Owners of such Bonds shall cease.

9.02. Maturity. The District may discharge its liability with reference to all Bonds and interest thereon which are due on any date by depositing with the Registrar for such Bonds on or before the date a sum sufficient for the payment thereof in full; or if any Bond or interest thereon shall not be paid when due, the District may nevertheless discharge its liability with reference thereto by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

9.03. Redemption. The District may also discharge its liability with reference to any Bonds which are called for redemption on any date in accordance with their terms, by depositing with the Registrar on or before that date an amount equal to the principal, interest and premium, if any, which are then due thereon; provided that notice of such redemption has been duly given as provided in this Resolution.

9.04. Escrow. The District may also at any time discharge its liability in its entirety with reference to any Bond subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or Defeasance Obligations which are authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without reinvestment, to provide funds sufficient to pay all principal, interest and premiums, if any, to become due on such Bond at its stated maturity or, if such Bond is prepayable and notice of redemption thereof has been given or irrevocably provided for, to such earlier redemption date.

Section 10. Tax Covenants and Certifications.

10.01. Use of Facilities. The WRRF Project will be owned and operated by the District and available for use by members of the general public on a substantially equal basis. No user of the System is granted any concession, license or special arrangement with respect to the System or WRRF Project. The District shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the WRRF Project or the System or security for the payment of the Series 2021A Bond which might cause the Series 2021A Bond to be considered a “private activity bond” or “private loan bond” within the meaning of Section 141 of the Code.

10.02. General Covenant. The District covenants and agrees with the Owners from time to time of the Series 2021A Bond that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Series 2021A Bond to become includable in gross income for federal income tax purposes under the Code and applicable Regulations, and covenants to take any and all actions within its powers to ensure that the interest on the Series 2021A Bond will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

10.03. Arbitrage Certification. The President of the Board and the Secretary, being the officers of the District charged with the responsibility for issuing the Series 2021A Bond pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code, and Section 1.148-2(b) of the Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Series 2021A Bond, it is reasonably expected that the proceeds of the Series 2021A Bond will not be used in a manner that would cause the Series 2021A Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code and the Regulations.

10.04. Arbitrage Rebate. The District acknowledges that the Series 2021A 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 Regulations to preserve the exclusion of interest on the Series 2021A Bond from gross income for federal income tax purposes, unless the Series 2021A 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 2021A 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 Secretary and the President of the Board are hereby authorized and directed to execute a Rebate Certificate, substantially in the form to be 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.

10.05. Information Reporting. The District shall file with the Secretary of the Treasury, not later than August 15, 2021, a statement concerning the Series 2021A Bond containing the information required by Section 149(e) of the Code.

Section 11. Certification of Proceedings.

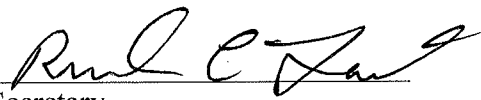
The officers of the District are hereby authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records of the District, and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Series 2021A Bond as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the District as to the facts recited therein.

Section 12. Repeals and Effective Date.

12.01. Repeal. All provisions of other resolutions and other actions and proceedings of the District and this Board that are in any way inconsistent with the terms and provisions of this Resolution are repealed, amended and rescinded to the full extent necessary to give full force and effect to the provisions of this Resolution.

12.02. Effective Date. This Resolution shall take effect immediately upon its passage and adoption by this Board.

PASSED AND ADOPTED by the Board of Directors of the Big Sky County Water & Sewer District No. 363, Montana, this 18th of May, 2021.

Attest: 
Secretary



President of the Board

EXHIBIT A

INTERLOCAL AGREEMENT

**First Amended and Restated Interlocal Agreement
Between
Big Sky County Water and Sewer District No. 363, Montana
and Big Sky Resort Area District, Montana**

This First Amended and Restated Interlocal Agreement (this “Agreement”), dated as of April 20, 2021, is entered into by and between Big Sky County Water and Sewer District No. 363, Montana (the “WSD”) and Big Sky Resort Area District, Montana (the “RAD”).

Witnesseth:

WHEREAS, the RAD is a resort area district located within Madison and Gallatin Counties, validly organized pursuant to Montana Code Annotated, Title 7, Chapter 6, Part 15, as amended, and duly incorporated and existing since May 15, 1998; and

WHEREAS, the WSD is a county water and sewer district located within Madison and Gallatin Counties, validly organized pursuant to Montana Code Annotated, Title 7, Chapter 13, Parts 22 and 23, as amended, and duly incorporated and existing since August 5, 1993; and

WHEREAS, the RAD and WSD are parties to that certain Interlocal Agreement dated as of February 2020 (the “Prior Interlocal Agreement”); and

WHEREAS, pursuant to the Prior Interlocal Agreement, at a mail ballot election conducted on May 5, 2020, the electors of the RAD approved the imposition of an additional 1% resort tax for infrastructure, commencing July 1, 2020 and terminating June 1, 2032 (the “Infrastructure Resort Tax”), with RAD using the proceeds of the Infrastructure Resort Tax to pay the lesser of 60% of the total costs of the WRRF Phase I Project (as hereinafter defined) as determined under Section 2.1 or \$27,000,000, plus \$12,000,000 for the costs of the Canyon Project (as hereinafter defined), while WSD shall pay the remaining total costs of the WRRF Phase I Project and none of the costs of the Canyon Project; and

WHEREAS, the WSD is in the process of undertaking certain improvements to its wastewater treatment system, including upgrading the WSD’s water resource recovery facility (as existing and as improved from time to time, the “WRRF”) using membrane bioreactor technology and related improvements (the “WRRF Phase I Project”); and

WHEREAS, on January 29, 2021, the WSD opened construction bids for the WRRF Phase I Project, pursuant to which the cost of the WRRF Phase I Project and associated financing costs, excluding interest on the Bond (as hereinafter defined), is now expected to be approximately \$52,000,000; and

WHEREAS, after being notified in the fall of 2020 by the Montana Department of Natural Resources and Conservation (the “DNRC”) that the Water Pollution Control State Revolving Fund Loan Program (the “SRF Program”) had insufficient funds available to finance the WRRF Phase I Project in full, the WSD worked with D.A. Davidson & Co., as placement agent, to secure financing for the WRRF Phase I Project; and

WHEREAS, the WSD has received a favorable preliminary commitment from First Security Bank, Division of Glacier Bank (“FSB”), pursuant to which FSB will purchase the WSD’s Sewer System Revenue Bond (Resort Tax Revenue Supported), Series 2021 (such bond, as amended, refunded or substituted, the “Bond”), in the maximum principal amount of approximately \$42,716,000, to pay a portion of the costs of the WRRF Phase I Project and associated financing costs, with the remaining costs of the WRRF Phase I Project expected to be paid from proceeds of two subordinate lien obligations to be issued to the DNRC through its SRF Program in the aggregate principal amount of \$1,400,000; \$250,000 contributed by the RAD from its 3% resort tax revenues; any amounts of the WRRF Contribution (as hereinafter defined) applied directly to costs of the WRRF Phase I Project; and funds the WSD has on hand and available therefor; and

WHEREAS, if the Canyon Project is determined to be feasible as described below, the WSD and the Canyon Area District also plan to undertake a future project generally expected to consist of a lift station near the intersection of U.S. Route 191 and Highway 64, a wastewater forcemain up the Highway 64 corridor to the WRRF, a pipeline conveying treated water back to the Canyon Area, and related improvements (together with preliminary feasibility studies relating thereto, the “Canyon Project”), which will provide wastewater treatment capacity to properties located outside the WSD but within the RAD in Gallatin Canyon (the “Canyon Area”); and

WHEREAS, changes in facts and circumstances have occurred since the date of the Prior Interlocal Agreement, including, but not limited to, the approval by the voters of the Infrastructure Resort Tax, an increase in WRRF Phase I Project costs from an estimated \$35,000,000 to approximately \$52,000,000, a change in the primary lender with respect to the WRRF Phase I Project from the DNRC through its SRF Program to FSB, the creation of a separate water and sewer district by the Canyon Area property owners, and the development of a potential State funding source using funds allocated to Montana under the Federal American Rescue Plan Act of 2021 or other COVID-19 relief funds; and

WHEREAS, in light of these changes in facts and circumstances, the parties desire to set forth the respective agreements of the WSD and RAD with respect to the WRRF Phase I Project, the Canyon Project and the application of the Infrastructure Resort Tax; and

WHEREAS, under Section 5.6 of the Prior Interlocal Agreement, the WSD and RAD reserved the right to amend the Prior Interlocal Agreement by written amendment signed by both parties; and

WHEREAS, the WSD and RAD are political subdivisions of the State of Montana, authorized to enter into an interlocal agreement pursuant to Montana Code Annotated, Title 7, Chapter 11, Part 1, as amended.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree each WHEREAS clause set forth above shall be incorporated into the Agreement as if fully set forth below, and the parties further agree as follows:

Section 1. Undertakings of the WSD with respect the WRRF Phase I Project.

Section 1.1. The WSD will cause the WRRF Phase I Project to be designed, constructed, installed and equipped with all reasonable diligence. The WSD will own all of the WRRF Phase I Project and, to the extent there are easements or leases regarding the WRRF Phase I Project, the WSD will be the grantee or lessee under such easements or leases, respectively. The WSD agrees to provide prominent notice to the public that RAD has funded a portion of the WRRF Phase I Project by including the statement: “This project has been funded in part by resort tax funds” on materials and publications provided to the public by the WSD related to the WRRF Phase I Project.

Section 1.2. The WSD will establish and maintain a construction budget for the WRRF Phase I Project showing the dollar amount expended on project costs from time to time, which shall be provided to RAD quarterly. Following completion of construction of the WRRF Phase I Project and the determination of the debt service schedule for the Bond that shows amortizing payments of principal and interest, the WSD shall provide such debt service schedule attached to or referenced in the Bond (as it may be amended from time to time) to the RAD quarterly.

Section 1.3. During construction of the WRRF Phase I Project, the WSD and RAD joint project subcommittee shall meet monthly, unless more frequent meetings are needed or are requested by either WSD or RAD or the parties agree that less frequent meetings are appropriate, to discuss the progress with construction, collections of the Infrastructure Resort Tax, revenue collections and projections of the WSD, financing repayment, and the status of the Canyon Project. Once construction of the WRRF Phase I Project is complete, the joint project subcommittee shall meet monthly, unless the parties mutually agree that less frequent meetings are appropriate, to provide progress reports regarding operation of the infrastructure improvements comprising the WRRF Phase I Project, collections of the Infrastructure Resort Tax, revenue collections and projections of the WSD, financing repayment, and the status of the Canyon Project.

Section 1.4. Following completion of the WRRF Phase I Project, the WSD will commit capacity at the WRRF for 500 single-family equivalent (SFE) units dedicated to deed-restricted affordable housing within the WSD or otherwise served by the WSD. The WSD will continue to work collaboratively with RAD and other community members in support of deed-restricted affordable housing. The provisions of this Section 1.4 shall survive termination of this Agreement.

Section 1.5. The parties acknowledge that the WRRF Phase I Project is the first phase of a multi-phase project, and that further phases of the project will need to be developed and undertaken in the future to accommodate continued growth in the Big Sky area. The WSD will use reasonable efforts to manage treatment capacity at its WRRF over time to accommodate growth in the WSD and, if the Canyon Project proceeds as described in Section 3 below, in the Canyon Area.

Section 1.6. The WSD agrees not to request additional resort tax revenues from the RAD during the term of this Agreement with regard to the WRRF Phase I Project; provided however, should the RAD’s revenue collections from the Infrastructure Resort Tax be

insufficient to pay the WRRF Contribution in full during the term of this Agreement, the WSD is entitled to request, but the RAD is not obligated to provide, additional funding from RAD's other revenue sources.

Section 2. Application of the Infrastructure Resort Tax Revenues.

Section 2.1. The RAD agrees to contribute Infrastructure Resort Tax revenues to the WSD (1) in the amount of sixty percent (60%) of the total costs of the WRRF Phase I Project (which costs include financing costs and principal and interest on the Bond¹) from revenues collected from the Infrastructure Resort Tax, provided, however, in no event shall its contribution exceed the maximum amount of \$27,000,000 to pay costs of the WRRF Phase I Project and/or to pay debt service on the Bond (the "WRRF Contribution"), and, (2) provided the conditions in Section 3 below are satisfied, in an amount up to \$12,000,000 to pay costs of the Canyon Project and/or to pay debt service on a bond or other obligation issued to pay all or a portion of the costs of the Canyon Project (the "Canyon Project Contribution"). WSD shall pay all costs of the WRRF Phase I Project and/or debt service on the Bond which exceed the WRRF Contribution. WSD shall not be obligated to pay any costs of the Canyon Project. The RAD has created or will create a separate fund or account into which the Infrastructure Resort Tax receipts will be deposited and will provide to the WSD upon request the balance of such fund or account and an accounting of disbursements made from such fund or account. The RAD further agrees to provide to the WSD the financial statements of the RAD upon request.

In the event WSD receives any funds allocated to the State of Montana under the federal American Rescue Plan Act of 2021 or other COVID-19 relief funds (collectively, the "ARPA Funds") for application toward the costs of the WRRF Phase I Project, the parties agree to renegotiate and amend this Agreement to ensure the payment obligations of the RAD hereunder with regard to the WRRF Phase I Project approximate the original cost-sharing allocation set forth in and calculated in accordance with the first sentence of Section 2.1 above, unless the parties mutually agree there is no need to so renegotiate and amend this Agreement. Notwithstanding the foregoing or any other provision of this Agreement to the contrary, if any change or amendment to the RAD's payment obligations under this Agreement affects the WRRF Contribution or otherwise affects the security for the repayment of the Bond, the parties acknowledge and agree that this Agreement may not be amended except by the prior written consent of FSB to any proposed amendment to this Agreement. The parties further acknowledge and agree that any amendment to this Agreement that regards a change or amendment to the RAD's payment obligations hereunder will likely require an amendment of the Bond Resolution and the Bond.

In the event WSD, Canyon Area District, and/or RAD receive any ARPA Funds for application toward the costs of the Canyon Project, the parties agree they shall determine whether receipt of such funds results in the need to adjust the Canyon Project Contribution, and if it does, the parties agree to renegotiate and amend the terms of this Agreement to adjust the

¹ The total costs of the WRRF Phase I Project equal the sum of (i) the total project costs (i.e., design, engineering, construction, and acquisition costs, contingencies, and the reserve amount for and costs of issuance of the Bond) set forth in the uses (or application) of funds portion of the sources and uses (or application) of funds table prepared in connection with the closing of the Bond, plus (ii) the total interest cost on the Bond set forth in the preliminary debt service schedule prepared by FSB delivered under Section 2.7 of this Agreement.

Canyon Project Contribution; provided, however, if such an amendment affects the WRRF Contribution or otherwise affects the security for the repayment of the Bond, the parties acknowledge and agree that the prior written consent of FSB to any such proposed amendment to this Agreement is required for this Agreement to be effectively amended.

Section 2.2. As part of its underwriting analysis with respect to the Bond, FSB has determined a minimum fiscal year amount of Infrastructure Resort Tax revenues that must be pledged to the repayment of the Bond as a condition to FSB's purchase of the Bond, which minimum fiscal year amount is set forth on Exhibit A.

Section 2.3. In each fiscal year, commencing with the fiscal year ending June 30, 2021, the first Infrastructure Resort Tax revenues received by the RAD, up to the minimum fiscal year amount set forth for that fiscal year as shown on Exhibit A, constitute part of the WRRF Contribution and must be provided by the RAD to the WSD to pay costs of the WRRF Phase I Project and/or to pay debt service on the Bond. For purposes of this Agreement, references to "Infrastructure Resort Tax revenues received" by the RAD in any fiscal year mean dollar amounts resulting from imposition of the Infrastructure Resort Tax actually remitted to and received by the RAD in the period commencing July 1 of any year and ending on June 30 of the subsequent year, regardless of when such dollar amounts were received by the businesses or short-term vacation rental owners directly collecting the Infrastructure Resort Tax. WSD shall in each fiscal year pay the amount by which principal of and interest on the Bond exceeds the fiscal year amount of the WRRF Contribution received by the WSD in that fiscal year from revenues pledged to the repayment of the Bond that are other than the WRRF Contribution. The WSD agrees that to the extent that fiscal year amounts of the WRRF Contribution received by the WSD exceed the corresponding fiscal year scheduled payments of principal of and interest on the Bond, the WSD will use such excess amounts of the WRRF Contribution to prepay in part the outstanding principal of the Bond or to pay a portion of the costs of the WRRF Phase I Project.

Section 2.4. Infrastructure Resort Tax revenues received by the RAD in any fiscal year in excess of the minimum fiscal year amount set forth for that fiscal year as shown on Exhibit A are available, in the discretion of the RAD, to be used for the Canyon Project as part of the Canyon Project Contribution, subject to the provisions of Section 3 below.

Section 2.5. If in any fiscal year Infrastructure Resort Tax revenues received by the RAD are equal to or less than the minimum fiscal year amount of Infrastructure Resort Tax revenues for that fiscal year as shown on Exhibit A, all Infrastructure Resort Tax revenues received in that fiscal year constitute the WRRF Contribution and no Infrastructure Resort Tax revenues received in that fiscal year are available to be used for the Canyon Project as part of the Canyon Project Contribution, subject to the provisions of Section 3 below.

Section 2.6. If Infrastructure Resort Tax revenues received by the WSD under this Agreement total less than \$27,000,000 as of June 30, 2029, then all Infrastructure Resort Tax revenues as received by the RAD from and after July 1, 2029 shall constitute a part of the WRRF Contribution until the earlier to occur of (i) the date the WRRF Contribution received by the WSD totals \$27,000,000, or (ii) July 31, 2032. If implementation of the terms of this Section 2.6 impacts the ability of the RAD to use the Infrastructure Resort Tax revenues for the Canyon

Project, thereby placing the Canyon Project in financial jeopardy, the parties agree to meet and confer with FSB, and attempt to negotiate a different resolution.

Section 2.7. As of January 31, 2021, RAD has collected \$1,636,751 from the Infrastructure Resort Tax. The RAD agrees to provide, as part of the WRRF Contribution, all Infrastructure Resort Tax revenues received by the RAD through March 31, 2021 to the WSD on or before May 15, 2021.

Commencing on August 15, 2021, the RAD agrees to provide, from Infrastructure Resort Tax revenues then on hand, dollar amounts forming part of the WRRF Contribution to the WSD on a quarterly basis, on or before the 15th day of August, November, February, and May.

WSD shall provide to RAD the bond resolution relating to the Bond, which shall include the form of the Bond, and a preliminary debt service schedule prepared by FSB, once such documents are available. Within fifteen (15) days after the date of issuance and delivery of the Bond, the WSD will provide to the RAD copies of the final closing documents relating to the Bond that are signed as of the date of issuance and delivery of the Bond. Once a final debt service is established at the end of the 30-month draw-down period, the WSD will provide to the RAD the revised debt service schedule relating to the Bond showing amortizing payments of principal and interest.

Section 2.8. The WSD acknowledges and agrees that the RAD cannot control the amount of Infrastructure Resort Tax revenues generated in any fiscal year, and that less than the minimum fiscal year amount of the Infrastructure Resort Tax revenues set forth on Exhibit A may be received by the RAD in any fiscal year, and in such event, notwithstanding any provision in this Agreement to the contrary, RAD shall have no obligation to pay the fiscal year amount of the WRRF Contribution in an amount which exceeds its actual collections of the Infrastructure Resort Tax revenues in that fiscal year.

Section 2.9. The RAD acknowledges and agrees that the receipt by the WSD as part of the WRRF Contribution of the first Infrastructure Resort Tax revenues received in each fiscal year, in an amount not less than the minimum fiscal year amount for that fiscal year, is critical to the financing of the WRRF Phase I Project, and that FSB has relied on such priority in determining to purchase the Bond. WSD acknowledges and agrees that any Infrastructure Resort Tax revenues in any fiscal year which exceed the minimal fiscal year amount for that fiscal year as described on Exhibit A may be at RAD's discretion paid to WSD as part of its WRRF Contribution or may be allocated to and paid for the Canyon Project, subject to Section 3 below. The parties understand and agree that the obligations of the WSD to pay timely all of the scheduled fiscal year principal of interest on the Bond continues in effect regardless of the fiscal year amount of the WRRF Contribution received by the WSD.

Section 3. Undertakings of the Parties with respect to the Canyon Project.

Section 3.1. The WSD and the RAD agree to work collaboratively together and with the newly created water and sewer district in the Canyon Area (the "Canyon Area District") to pursue the Canyon Project.

Section 3.2. During the planning and construction phases of the Canyon Project, the WSD and RAD will use all reasonable efforts to establish a joint project subcommittee with the Canyon Area District, which joint project subcommittee shall meet monthly, unless more frequent meetings are needed or are requested by any member of the joint project subcommittee or the parties agree that less frequent meetings are appropriate, to discuss the progress with determining feasibility of the project, design of the project, project construction, collections of the Infrastructure Resort Tax, revenue collections and projections of the Canyon Area District, obtaining project financing and repayment projections. If the Canyon Project should be completed, the joint project subcommittee shall meet monthly, unless the parties mutually agree that less frequent meetings are appropriate, to provide progress reports regarding operation of the Canyon Project, collections of the Infrastructure Resort Tax, revenue collections and projections of the Canyon Area District, and financing repayment.

Section 3.3. The obligations of the WSD with respect to the Canyon Project and of the RAD with respect to the Canyon Project Contribution are subject to satisfaction of numerous conditions, including, but not limited to, the following:

- (a) Water studies showing the Canyon Project is feasible.
- (b) Engineering reports; feasibility studies; environmental studies or reports; and other analyses that demonstrate the Canyon Project is feasible.
- (c) The WSD and the Canyon Area District must enter into one or more agreements satisfactory to the WSD pursuant to which the WSD would provide wastewater treatment service to the Canyon Area District and the Canyon Area District would accept treated water from the WSD.
- (d) The Board of Directors of the Canyon Area District must agree to proceed with the Canyon Project.
- (e) Adequate funding for the Canyon Project must be obtained.
- (f) Regulatory bodies, such as, but not limited to, the Montana Department of Environmental Quality and the Montana Department of Natural Resources and Conservation, shall have approved the Canyon Project.
- (g) Other documentation, licenses, permits, or approvals that demonstrate the Canyon Project is feasible.

Section 3.4. If the conditions described in Section 3.3 are not satisfied or it is determined such conditions cannot be satisfied or that the Canyon Project is otherwise not feasible and cannot proceed to design and/or construction, then any amounts then held by the RAD as the Canyon Project Contribution under Section 2.4 above shall be remitted by the RAD to the WSD as part of the WRRF Contribution and from such time forward all of the Infrastructure Resort Tax as received by the RAD will constitute the WRRF Contribution without the limits set forth in Exhibit A; provided that any such remittance or such contributions of the Infrastructure Resort Tax as the WRRF Contribution may not cause the total WRRF Contribution to exceed \$27,000,000. In addition, if the Canyon Project is not progressing toward

construction in a reasonably prompt manner, the joint project subcommittee or representatives of each of the RAD and the WSD shall, at the request of either party, (1) meet and determine whether amounts of the Infrastructure Resort Tax held by the RAD that are in addition to the minimum fiscal year amounts of the WRRF Contribution shown on Exhibit A are to be remitted to the WSD as a part of the WRRF Contribution and (2) make a recommendation to the RAD Board should any increase in the amount to be paid to the WSD in any fiscal year be deemed appropriate by the joint project subcommittee; provided, however, any change in the amount to be paid to the WSD in any fiscal year that is in addition to the fiscal year amount of the WRRF Contribution shown on Exhibit A shall ultimately be at the sole discretion of the RAD Board.

Section 3.5. If the conditions described in Section 3.3 are satisfied and the Canyon Project is deemed feasible and proceeds to construction, the RAD agrees it shall fund all costs of the Canyon Project from revenues collected from the Infrastructure Resort Tax, subject to the prior claim of the WRRF Contribution as set forth in Section 2 above, provided, however, in no event shall its contribution with respect to the Canyon Project exceed the maximum amount of \$12,000,000 (the "Canyon Project Contribution"). The RAD agrees the Canyon Project Contribution shall be applied to all costs of the Canyon Project, including financing costs if applicable. All remittances of any portion of the Canyon Project Contribution shall be made by the RAD to the WSD, unless the parties agree otherwise in writing. RAD shall structure any payment obligations relating to the Canyon Project Contribution so as not to adversely affect the ability of the RAD to make that portion of the WRRF Contribution in the minimum fiscal year amount set forth for that fiscal year as shown on Exhibit A unless the parties mutually agree otherwise, and subject also to the provisions of Section 2.6 above. The parties further agree that should the total costs of the Canyon Project ultimately exceed \$12,000,000 or the total amount of the Canyon Project Contribution, if less than \$12,000,000, WSD shall have no obligation to pay any excess amounts with respect to the Canyon Project. The WSD makes and has made no financial commitments of any kind regarding the Canyon Project, it being understood that the Canyon Project Contribution is to pay or secure a source for the repayment of the Canyon Project and that WSD will have no obligation to pay for or finance costs of the Canyon Project. The WSD agrees to provide prominent notice to the public that RAD has funded the Canyon Project by including the statement: "This project has been funded by resort tax funds" on materials and publications provided by the WSD to the public related to the Canyon Project.

Section 3.6. If the conditions described in Section 3.3 are satisfied and the Canyon Project is deemed feasible and proceeds to construction, WSD, RAD and the Canyon Area District shall enter into a more detailed agreement regarding the development and financing of the Canyon Project, which in all events will be subject to the provisions of Section 2 above, and is currently expected to include that:

(a) The WSD will undertake to cause the engineering, design, construction and installation of the Canyon Project. When available, the proposed development and construction schedule shall be provided to RAD and periodic updates shall be provided at the meetings of the joint project subcommittee.

(b) The WSD will initially own and operate the improvements constructed as part of the Canyon Project and, to the extent there are easements or leases regarding the Canyon Project, the WSD will be the grantee or lessee under such easements or leases,

respectively. If the WSD determines that the Canyon Area District has the resources to own and operate the portion of the Canyon Project consisting of the lift station and the forcemain, the WSD reserves the right to transfer ownership and/or operation of such portion of the Canyon Project to the Canyon Area District.

(c) The WSD and RAD agree to meet and, together with the Canyon Area District, collaboratively explore financing or funding options for the Canyon Project, but WSD shall have no obligation to finance or borrow funds to pay the costs of the Canyon Project.

(d) The WSD shall determine and implement hook-up fees with respect to providing service to the Canyon Area in a separate agreement directly with property owners in the Canyon Area and/or the Canyon Area District; provided however, WSD will continue to work collaboratively with the RAD, Canyon Area property owners, and other community members in support of deed-restricted affordable housing.

(e) The WSD agrees not to request additional resort tax revenues from the RAD during the term of this Agreement with regard to the Canyon Project; provided however, should RAD's revenue collections from the Infrastructure Resort Tax be insufficient to cover the Canyon Project Contribution, the WSD and/or the Canyon Area District is entitled to request, but RAD is not obligated to provide, additional funding from RAD's other revenue sources.

The RAD and the WSD acknowledge and agree that as of the date of this Agreement it is too early to determine the details of, and the obligations, undertakings, and other matters regarding, the Canyon Project; provided, however, WSD shall continue to use its reasonable efforts to promote and participate in the planning for and execution of the Canyon Project including without limitation the determination of feasibility of the Canyon Project. Failure of the WSD to undertake or perform or abide by any of the provisions set forth in Section 3.6 shall not constitute a default of this Agreement or otherwise subject the WSD to liability of any kind.

Section 4. American Rescue Plan Act of 2021 Funding. WSD and RAD agree to promptly begin to work together and collaboratively, and shall use all reasonable efforts to work with the Canyon Area District, to apply for project funding that might be available for the WRRF Phase I Project, the Canyon Project, and other projects of the WSD that expand treatment capacity or enhance treatment capabilities through the State of Montana under the American Rescue Plan Act of 2021 or any other available funding through various COVID-19 relief funds.

Section 5. Miscellaneous Provisions.

Section 5.1. No Separate Legal Entity Created; Etc. Except as otherwise provided herein, this Agreement does not affect each party's responsibility to manage its own affairs. No joint board, joint administrator or joint budget shall result from the undertakings set forth in this Agreement and no partnership or joint venture exists or shall be deemed to exist between the parties. This includes, without limitation, responsibility for reports and payment of retirement system contributions pursuant to Section 19-2-506, MCA.

Section 5.2. Duration and Termination of Agreement; Survival. This Agreement shall terminate on the earlier of (1) RAD's payment in full of the WRRF Contribution and, subject to Section 3 above, the Canyon Project Contribution or (2) July 31, 2032; provided that the covenants of the WSD set forth in Section 1.4 shall survive termination of this Agreement.

Section 5.3. No Assignment; Third Party Beneficiary. This Agreement is unique between the WSD and the RAD and no party may assign any rights or privileges, or delegate any duties or obligations under this Agreement without first obtaining the written consent of the other party. The WSD and RAD acknowledge and agree that FSB or the then-current holder of the Bond is a third-party beneficiary of this Agreement and, until such time as the WRRF Contribution has been made in full, FSB or the then-current holder of the Bond is entitled to enforce the provisions of this Agreement on behalf of the WSD.

Section 5.4. Prior Agreements. This Agreement supersedes, merges and voids any and all prior discussions, negotiations, agreements and undertakings between the parties with respect to the subject matter of this Agreement, including the Prior Interlocal Agreement. The parties waive and release each other from any claims, actions, or causes of action that relate in any manner to any prior discussions, negotiations, agreements and undertakings between the parties with respect to the subject matter of this Agreement.

Section 5.5. Entire Agreement. This Agreement embodies the entire agreement and understanding of the parties with respect to its subject matter. All parties shall be prohibited from offering into evidence in any arbitration or civil action any terms, conditions, understandings, warranties, statements or representations, whether oral or written, with respect to the subject matter of this Agreement and that are not contained in this Agreement.

Section 5.6. Amendments, Changes and Modifications. This Agreement may be amended and any of its terms may be modified only by written amendment authorized and executed by the parties hereto. Until the full amount of the WRRF Contribution has been received by the WSD, no amendments or changes that would affect the priority or application of Infrastructure Resort Tax revenues shall be effective without the written consent of FSB or the then-current holder of the Bond.

Section 5.7. Headings. The headings of articles and sections in this Agreement are inserted for convenience of reference only and do not limit or amplify the terms and provisions of the Agreement in any manner. The headings will be ignored and will not affect the construction of any provisions of this Agreement.

Section 5.8. Notice. Any formal notice, demand or communication required or permitted by the terms of this Agreement to be given to the WSD or RAD will be in writing and will be delivered to such party either: (i) by personal hand-delivery; or (ii) by depositing the same in the United States mail as first class mail, postage prepaid, addressed to such party at the address named below. Notice will be deemed complete upon receipt of the hand-delivered notice or upon mailing of mailed notice.

If to WSD:

Big Sky County Water and Sewer District No. 363
Attention: General Manager
561 Little Coyote Road
P.O. Box 160670
Big Sky, Montana 59716

If to RAD:

Big Sky Resort Area District
Attention: District Manager
11 Lone Peak Drive, Suite #204
P.O. Box 160661
Big Sky, Montana 59716

Section 5.9. Governing Law. This Agreement and the legal relations between the parties hereto will be governed by and construed in accordance with the laws of the State of Montana, without giving effect to any choice of law statutes, rules, or principles.

Section 5.10. Further Assurances and Corrective Instruments. The parties agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Agreement.

Section 5.11. Duplicate Originals or Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

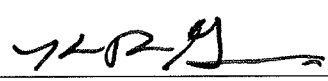
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IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed by its proper officers, to be effective as of the effective date first set forth above.

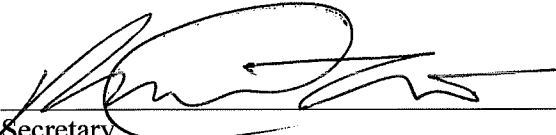
BIG SKY COUNTY WATER AND SEWER
DISTRICT NO. 363, MONTANA

BIG SKY RESORT AREA DISTRICT,
MONTANA

By 
Its Board Chair

By 
Its Board Chair

ATTEST:


Secretary

ATTEST:

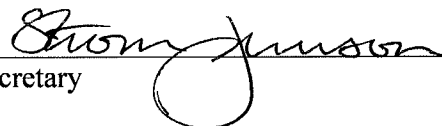

Secretary

EXHIBIT A

Minimum fiscal year amount of Infrastructure Resort Tax Contribution to WRRF Phase I Project

Fiscal Year ending June 30	2021	2022	2023	2024	2025	2026	2027	2028	2029
Minimum fiscal year amount for WRRF Contribution	\$2,587,500	\$2,716,875	\$2,852,719	\$2,995,335	\$3,145,122	\$3,302,379	\$3,467,497	\$3,640,872	\$2,291,681

If the full \$27,000,000 of the WRRF Contribution is not received by the WSD from the RAD by June 30, 2029, then the Infrastructure Resort Tax revenues received by the RAD from and after July 1, 2029 will be remitted by the RAD to the WSD in accordance with Section 2.6 of the First Amended and Restated Interlocal Agreement to which this exhibit is appended.