

## RESOLUTION NO. 96-01

RESOLUTION RELATING TO FINANCING OF CERTAIN PROPOSED PROJECTS TO BE UNDERTAKEN BY BIG SKY COUNTY WATER AND SEWER DISTRICT NO. 363, MONTANA, ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE.

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

### 1. Recitals.

(a) The Internal Revenue Service has issued Section 1.150-2 of the Income Tax Regulations (the "Regulations") dealing with the issuance of bonds, all or a portion of the proceeds of which are to be used to reimburse the District for project expenditures made by the District prior to the date of issuance.

(b) The Regulations generally require that the District make a prior declaration of its official intent to reimburse itself for such prior expenditures out of the proceeds of a subsequently issued borrowing, that the borrowing occur and the reimbursement allocation be made from the proceeds of such borrowing within eighteen (18) months of the payment of the expenditure or, if longer, within one year of the date the project is placed in service, and that the expenditure be a capital expenditure.

(c) The District desires to comply with requirements of the Regulations with respect to certain projects hereinafter identified.

### 2. Official Intent Declaration.

(a) The District proposed to undertake the following project described as follows:

The project includes the costs of acquiring land for and designing, constructing and installing mandated improvements to the District's wastewater treatment system, satisfying the Interim Action Work Plan mandated by the Department of Environmental Quality and consisting of the following components: expanding spray irrigation system at the existing golf course and constructing temporary irrigation system on additional lands; constructing new and repairing existing storage ponds; constructing and equipping a new filtration system; and increasing pump station capacity. Engineer's estimate of the cost of the project, including eligible reimbursable expenses is seven million one hundred thirty seven thousand dollars (\$7,137,000).

(b) Other than

(i) expenditures to be paid or reimbursed from sources other than borrowing; or

(ii) expenditures constituting preliminary expenditures as defined in Section 1.150-2 of the Regulations, no expenditures for the foregoing projects as identified on Exhibit A have heretofore been made by the District and no expenditures will be made by the District until after the date of this Resolution.

(c) The District reasonably expects to reimburse the expenditures made for costs of the designated projects out of the proceeds of debt (the "Bonds") to be issued by the District after the date of payment of all or a portion of the costs. All reimbursed expenditures shall be

- (i) capital expenditures as defined in Section 1.150-1(h) of the Regulations; or
- (ii) a cost of issuance for a bond; or
- (iii) certain extraordinary nonrecurring working capital items which are not customarily payable from current revenues as provided in Section 1.148-6(d)(3)(ii)(B) of the Regulations.

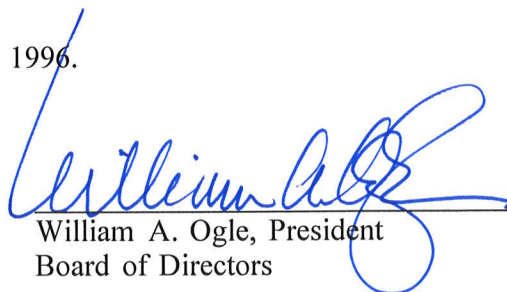
3. **Budgetary Matters.** As of the date hereof, there are no District funds reserved, allocated on a long term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long term basis or otherwise set aside) to provide permanent financing for the expenditures related to the projects, other than pursuant to the issuance of the Bonds except the \$700,000, as specified in the March 16, 1993 Memorandum of Understanding between the District, Boyne USA, Inc. and the Big Sky Owner's Association which has been placed in an account and which the District can use for activities related to the Interim Action Work Plan Project. This resolution, therefore, is determined to be consistent with the District's budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof, all within the meaning and content of the Regulations.

4. **Filing.** This resolution shall be filed within 30 days of its adoption in the publicly available official books and records of the District. This resolution shall be available for inspection at the District's office, Unit K, Meadow Village Center (which is the main administrative office of the District) during normal business hours of every business day until the date of issuance of the Bonds.


5. **Reimbursement Allocations.** The District's Secretary shall be responsible for making the "reimbursement allocations" described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the Bonds to reimburse the source of temporary financing used by the District to make payment of the prior costs of the projects. Each allocation shall be evidenced by an entry on the official books and records of the District maintained for the Bonds, shall specifically identify the actual prior expenditure being reimbursed or in the case of reimbursement of a fund or account in accordance with Section 1.103-18, the fund or account from which the expenditure was paid, and shall be effective to relieve the proceeds of the Bonds from any restriction under the bond resolution or other relevant legal documents for the Bonds, and under any applicable state statute, which would apply to the unspent proceeds of the Bonds.

No reimbursement will be made later than 18 months after the later of (i) the date the original expenditure is paid or (ii) the date the project (as opposed to "property") is placed in service or abandoned, but in no event more than 3 years after the date the original expenditure was paid.

Adopted this 16th day of April, 1996.

  
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William A. Ogle, President  
Board of Directors

ATTEST:

  
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William Neece, Secretary

(SEAL)