

RESOLUTION NO. 06-01

RESOLUTION RELATING TO FINANCING OF CERTAIN  
PROPOSED PROJECTS; 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 United States Department of Treasury has promulgated final regulations governing the use of proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the District for project expenditures paid by the District prior to the date of issuance of such bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the "Regulations") require that the District adopt a statement of official intent to reimburse an original expenditure not later than 60 days after payment of the original expenditure. The Regulations also generally require that the bonds be issued and the reimbursement allocation made from the proceeds of the bonds within 18 months (or three years, if the reimbursement bond issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) after the later of (i) the date the expenditure is paid or (ii) the date the project is placed in service or abandoned, but (unless the issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) in no event more than three years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the bonds.

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

2. Official Intent Declaration.

(a) The District proposes to undertake certain projects, which projects and the estimated costs thereof are generally described on Exhibit A hereto, which is hereby incorporated herein and made a part hereof (the "Project").

(b) Other than (i) expenditures to be paid or reimbursed from sources other than the Bonds (as hereinafter defined), (ii) expenditures permitted to be reimbursed under the transitional provision contained in Section 1.150-2(j)(2) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a "de minimus" amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures for the Project have heretofore been paid by the District and no expenditures will be paid by the District until after the date of this Resolution.

(b) The District reasonably expects to reimburse the expenditures made for costs of the Project out of the proceeds of debt in an estimated maximum aggregate principal amount of \$5,000,000 (the "Bonds") after the date of payment of all or a portion of the costs of the Project.

All reimbursed expenditures shall be capital expenditures, a cost of issuance of the Bonds or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations.

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 Project, other than pursuant to the issuance of the Bonds. The statement of intent contained in this resolution, therefore, is determined to be consistent with the District's budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof.

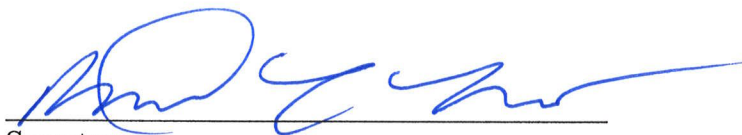
4. Reimbursement Allocations. The District's financial officer shall be responsible for making the "reimbursement allocations" described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the Bonds to reimburse the source of temporary financing used by the District to make prior payment of the costs of the Project. Each allocation shall be evidenced by an entry on the official books and records of the District maintained for the Bonds or the Project and shall specifically identify the actual original expenditure being reimbursed.

Adopted this 8th day of May, 2006.



Chairman, Board of Directors

ATTEST:



Secretary

(Seal)

EXHIBIT A

<u>Description of Project</u>	<u>Estimated Cost</u>
The Project includes Improvements to the District's municipal water system, including design, construction, and installation of improvements necessary to connect Mountain Village system with the Meadow Village municipal water system, the drilling of additional water wells, and the replacement of leaking water lines throughout the municipal water system.	\$5,000,000