FROMBERG TOWN COUNCIL AGENDA
MEETING TIME IS MONDAY MAY 13, 2024 AT 7:00 PM
FROMBERG TOWN HALL, 118 W RIVER STREET

(Discussion And Possible Action on All Items.)

Monday May 13, 2024

PLEDGE OF ALLEGIANCE:

CALL TO ORDER:

APPROVAL OF MINUTES:

- April 8, 2024

CORRESPONDENCE:

PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA:

MAYOR / COUNCIL:

- This is a time when the Mayor or the Council members can bring a concern before the council that is not otherwise listed on the agenda. No action can be taken at this time. If action is necessary, the item may be put on the next meeting agenda.

SHERIFF DEPARTMENT REPORT:

SPECIAL EVENTS APPLICATION:

- Carbon Stillwater Coed Softball

OLD BUSINESS:

- Burn Pile Location & Rules
- Riverbank Project

NEW BUSINESS:

- Award Garbage Contract
- Approve Notice of Award and Task Order Amendments for Construction Services for the ARPA project
- Resolution #524 Issuance of Water Bond
- Resolution #525 Issuance of Sewer Bond
- Resolution #526 Intent to Increase Water Rates
- Resolution #527 Intent to Increase Sewer Rates
- Resolution #528 Intent to Increase Garbage Rates
- Approve Credit Cards for Employees and Set Credit Limit
- Approve Midco Diving Quote
- Discuss a Spending Policy
- Discuss the Personnel Policy

TOWN ATTORNEY: Dennison Butler

PUBLIC WORKS DIRECTOR: Marcus Schutterle

TOWN CLERK: Kirstin Sweet

APPROVE CLAIMS:

APPROVE PAYROLL SUMMARY:

ADJOURN:

Conduct at Public Meetings

The public is invited to speak on any item under discussion by the Council, after recognition by the presiding officer.

The speaker should stand at the podium, and for the record, give his/her name and address, and, if applicable, the person, firm or organization he/she represents. Comments should be limited to three (3) minutes unless approval by the presiding officer, and citizens requesting to speak shall limit him or herself to matters of fact regarding the issue of concern. Prepared statements are welcomed and should be given to the Clerk of the Council. Prepared statements that are also read, however, shall be deemed unduly repetitious. All prepared statements shall become part of the hearing record.

While the Town Council is in session, those in attendance must preserve order and decorum. A member shall not delay or interrupt the proceedings or the peace of the Council, nor disturb any member while speaking or refuse to obey the orders of the Council or its presiding officer. Any person making personal, impertinent or slanderous remarks or who shall become boisterous or disruptive during the Council meeting shall be forthwith barred from further presentation to the Council by the presiding officer, unless permission to continue be granted by the presiding officer or a majority vote of the Council.

The Fromberg Town Council reserves the right to amend these rules of procedure as deemed necessary.

FROMBERG TOWN COUNCIL MINUTES FOR A REGULAR MEETING
HELD ON APRIL 8, 2024

The April 8, 2024 meeting of the Fromberg Town Council was held at 118 W River Street in Fromberg. The Pledge of Allegiance was recited, and the meeting was called to order at 7:00 pm by Mayor Tim Nottingham. Other council members present were Nate Caton, Robert Haseman, Michael Ventling and Tammy Taylor. Others present were William Hall, Elton Kirtley, Niki Elhoitt, Marge Taylor, Chad Hanson, Irwin Sankey, Cyrill Hergenrider, Lorri Simpson, Amy Wilm, Dan Auck, Rachel Boyd, Jesse Boyd, Chris Gordon, Carbon County Commissioner Scott Blain, Carbon County Sherriff Officer Jon Croft, Public Works Director Marcus Schutterle and Clerk Pro Tem Kirstin Sweet.

The first item on the agenda was approval of the minutes from the March 14, 2024 meeting. Councilman Ventling mentioned his name was spelled incorrectly in some places. Clerk Sweet will correct that and reprint the minutes. A motion to approve the minutes was made by Councilman Ventling, seconded by Councilman Caton. The motion carried with the votes as follows: Councilman Caton – aye, Councilman Haseman – aye, Councilman Ventling – aye and Councilwoman Taylor – aye.

Next on the agenda was correspondence. There was no correspondence.

Next on the agenda was public comment. Irwin Sankey commented on the Town patching streets that belong to the county. Sherriff Officer Croft assured Mr. Sankey that the road he described is within town limits.

Mayor and Town Council were next on the agenda. Councilwoman Taylor commented regarding the overtime received by the public works crew and how long the weekend work hours take versus how much time is allowed on their time sheet. Councilwoman Taylor also commented on the Fromberg town vehicle being seen in laurel and a private residence. Mayor Nottingham stated that he allowed a public works crew member to take it home while his vehicle was being repaired.

Next on the agenda was the Sheriff Department's report. Office Jon Croft presented the council with stats from the month of March.

Old business was next on the agenda. The first item of old business was the burn pile location and rules. Discussion was had regarding whether or not to have a burn pile, where is should be located, how to monitor the dumping and if size of debris should be limited in some way. There was also discussion regarding a fence or a game camera to help control the dumping. Councilwoman Taylor will come up with a policy and get it to Clerk Sweet for a future agenda. The second item was funds for the riverbank project. Discussion was had regarding the project and how the public should be informed. Councilwoman Taylor had previously written a letter, and some felt that the letter was too long. It was suggested that the letter be more concise with bullet points highlighting the pertinent info so that if one does not read it all, they can scan the important bullet points. Clerk Sweet and Attorney Butler will read the letter prior to it being sent out. The third item of old business was the possible overcharge on water rates for the last several years. Chad Hanson from Great west Engineering brought this to the attention of the council via email a few days prior to the meeting. The most recent rate resolution from 2016 does not state that 2000 gallons come with the base rate. That suggests that usage is charged from zero gallons. Attorney Butler stated that 3 years is generally the time frame in which bills could be corrected. Some public comment was offered regarding the budget and the town's finances. Clerk Sweet explained why some errors have occurred in the software system. Clerk Sweet will look into this further and hopefully get the rate codes correct prior to the next billing. The last item of old business was the 2023 – 2024 budget. Clerk Sweet had prepared a budget and explained some aspects of that budget to the council and public. After some discussion

regarding various budget items, a motion to approve the budget was made by Councilwoman Taylor and seconded by Councilman Caton. The motion carried with the votes as follows: Councilman Caton – aye, Councilman Haseman – aye, Councilman Ventling – aye and Councilwoman Taylor – aye.

New Business was next on the agenda. The first two items of new business were to approve the signatory authority for the Bank of Bridger accounts and the Valley Federal Credit Union accounts. A motion to have Tim Nottingham, Robert Haseman and Kirstin Sweet on the accounts at both banks was made by Councilman Caton. The motion was seconded by Councilman Ventling. The motion carried with the votes as follows: Councilman Caton – aye, Councilman Haseman – aye, Councilman Ventling – aye and Councilwoman Taylor – aye. The next item was a request for proposals (RFP) for a garbage contract. The current contract is up on June 30, 2024. Discussion was had regarding the RFP and items that might need to be changed. A motion to approve the RFP with the allowance of Clerk Sweet to change the containers numbers as they are more accurately counted was made by Councilman Ventling and seconded by Councilwoman Taylor. The motion carried with the votes as follows: Councilman Caton – aye, Councilman Haseman – aye, Councilman Ventling – aye and Councilwoman Taylor – aye. The final item for new business was the intent to award bids/projects for the APRA funds. Chad Hanson from Great West Engineering presented the schedules and additive alternates to the council and the public. Discussion was had regarding various aspects of the projects, funding and rate increases for each project, the time frame for completion and prevailing wages. A motion to approve all 4 schedules and the additive alternate was made by Councilwoman Taylor and seconded by Councilman Ventling. The motion carried with the votes as follows: Councilman Caton – aye, Councilman Haseman – aye, Councilman Ventling – aye and Councilwoman Taylor – aye.

Attorney Butler had nothing additional to report.

Public Works Director Schutterle updated the council on several items he is working on and had some discussion regarding gas tax money.

Clerk Sweet stated she had spoken already regarding most of the items on her list.

The next item of business was the approval of claims. Department heads answered questions regarding the claims. Councilman Caton made a motion to approve the claims including check #23041 to #23068 and electronic checks #-99904 to #--99903. The motion was seconded by Councilman Haseman. The motion carried with the votes as follows: Councilman Caton – aye, Councilman Haseman – aye, Councilman Ventling – aye and Councilwoman Taylor – aye.

Next on the agenda was the Payroll Summary. Councilman Haseman motioned to approve the payroll summary including check #23028 to #23040 and electronic checks #-89070 to #--89062. Councilman Caton seconded the motion. The motion carried with the votes as follows: Councilman Caton – aye, Councilman Haseman – aye, Councilman Ventling – aye and Councilwoman Taylor – aye.

There being no further business, Councilman Caton motioned to adjourn. The motion was seconded by Councilman Ventling. The motion carried with the votes as follows: Councilman Caton – aye, Councilman Haseman – aye, Councilman Ventling – aye and Councilwoman Taylor – aye. The meeting was adjourned at 9:15 pm.

_____

ATTEST: Tim Nottingham, Mayor

_____

Kirstin Sweet, Town Clerk Pro Tem

TOWN OF FROMBERG
SPECIAL EVENTS APPLICATION

Name/ Purpose of Special Event: Carbon + Stillwater Coed Softball Teams - Straight Outta Frampton

Area Proposed for Special Event: Softball / Baseball fields

Date and Duration of Special Event: June 8th - August 25th 2024

Number of People Anticipated to Attend: 30 - 60 people

Please check the requirements applicable to your special event:

☐ **Street/Alley Closure Requested.** (If a street closure is requested, the applicant must provide evidence that the applicant has notified each property owner or its authorized representative abutting the proposed use area of the special event)

☐ **Security Needed.** (In the event that alcohol is being served, the event holders must arrange and pay for security. Contact the Fromberg Police Chief for details).

☒ **Trash Removal.**

☒ **Number of Restrooms/Latrines needed** 2.

☐ **Alcoholic beverages will be sold during special event. Specify the location and size of the area where alcoholic beverages will be sold/consumed:** _____

_____

☒ **Waiver of Open Alcohol Prohibition Requested.** for the season at softball/baseball fields for practices + games

☒ **Proof of Insurance Provided.** (In the event that alcohol, fireworks or rodeo are involved in the special event, the event holders must provide proof of liability insurance as required in Fromberg's special events policy). both schedule + liability insurance will be provided by Stillwater/Carbon Coed Softball League - will be provided by League secretary Trista Meyer

☐ **Clean-up Deposit Paid in the Amount of** _____.

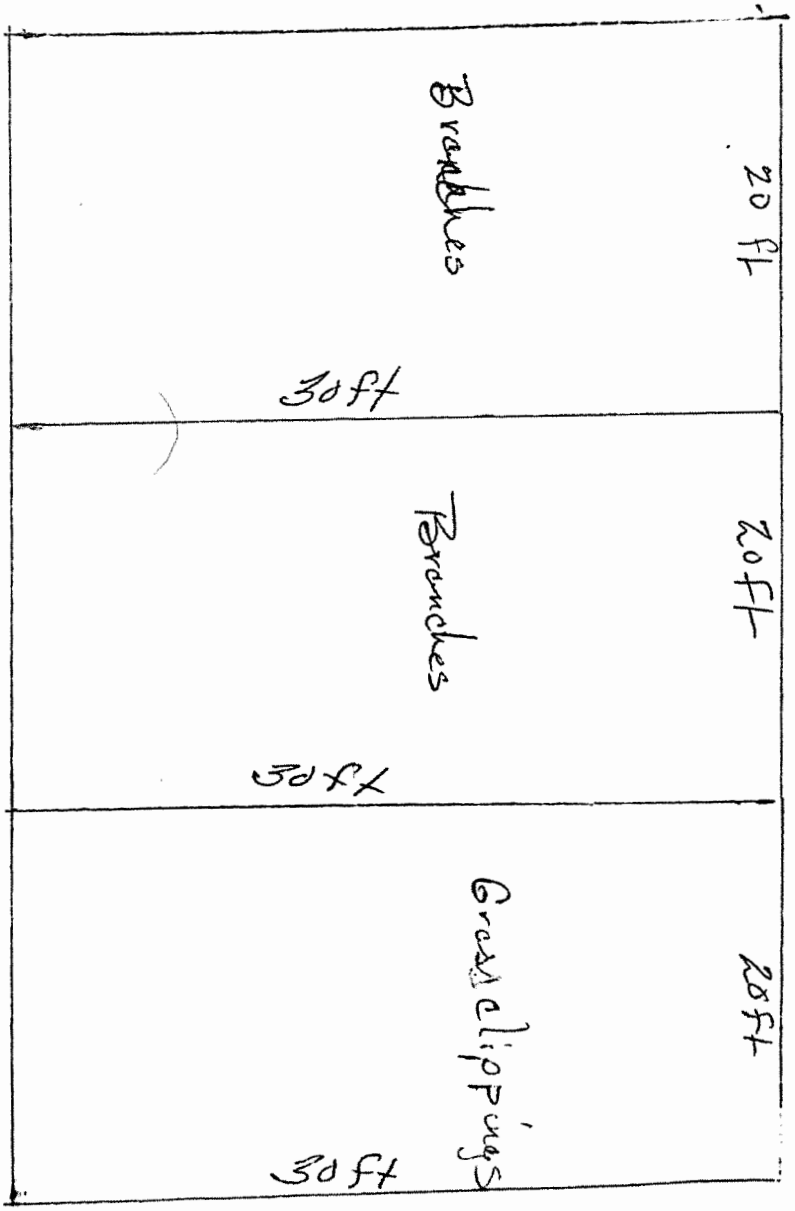
Deadline for Filing. The application must be filed at least 45 days prior to the event and the application must be approved by the Fromberg Town Council at a regular meeting prior to the event.

4/29/24
Date

Brandi Paugh
Signature of Applicant

Potential Burn Pit Rules:

1. Must retain a water bill to access the burn pit.
2. Branches need to be cut into 4 feet lengths and manageable. Nothing larger than 4 inches in diameter.
3. Leaf mulch, and grass clippings will be dumped separately.
4. Yard debris only.
4. Burn Pit entry only during operational hours. Otherwise, you will face TRESPASSING CHARGES!
5. Burn Pit Operational Hours based on volunteers available.
6. The burn pit will be accessible from May to September.
7. Disregarding rules, harassing volunteers will automatically result in ban of the Burn Pit.



Lots divided off with concrete jersey barrier blocks.

Gate

REPUBLIC SERVICES

05/07/2024

Town of Fromberg
118 West River Street
Fromberg, MT 59029

RE: Fromberg RFP

Town of Fromberg

Republic Services has provided MSW & Recycling Services for the Town of Fromberg since 2014 and would like the opportunity to continue to do so.

Republic Services will also provide both a Spring/Fall clean up services determined by both the Town and Republic Services at no extra cost. Republic Services will provide recycling containers that fit the services needed for the Town of Fromberg at no extra cost to the town. Republic Services will provide 7 commercial containers for the town at no additional cost. All MSW will be transported to Billings Regional Landfill. Republic Services would also support a college scholarship program for 2 high school graduates annually for the duration of the contract in the sum of $1000.00: $500.00 for one male and $500.00 for one female high school graduate.

Annual Rate Adjustments. Republic Services shall increase the rates for all services effective on each anniversary of the Effective Date of the Agreement in an amount equal to the 4.5 percent increase.

In the unlikely event that a major element of cost for the contract experiences a year over year (YoY) change greater than 15%, the Company shall be able to increase the Annual Rate Adjustment above the 4.5% by an additional amount equal to the unanticipated additional cost increase/decrease. A major element of cost shall be defined as a category making up 5% or more of the annual costs on the contract. With agreement between the City and Republic Services. This will go to city council and be voted on.

Sincerely,

Ryan Coffman
Municipal Manger Montana
Republic Services

Ph# 406-671-8425
Email: Rcoffman2@republicservices.com

Town of Fromberg Proposed Pricing

Fromberg Pricing Proposal			
Container Size	**Quantity**	**Price per Container**	**Total Price**
96 Gallon Cart	227	21.5	4880.5
2 yard	0	79.2	0
3 yard	2	118.8	237.6
4 yard	1	158.4	158.4
6 yard	1	237.6	237.6
8 yard	1	316.8	316.8
			5830.9

P.O. BOX 1116
Billings, MT 59103
(406) 259-3600
(406) 259-7047 FAX

MacKenzie Disposal, Inc.

May 6, 2024

To: Town of Fromber, Town Council

From: MacKenzie Disposal, Inc.

RE: Solid Waste Collection Proposal

MacKenize Disposal presents this proposal for consideration to provide collection and transportation of solid waste for the Town of Fromberg.

Item 1: MacKenzie Disposal, Inc. shall furnish all personnel, labor, equipment, and trucks to provide solid waste transportation, removal and disposal of all commercial and residential solid waste. Residents will be provided with a 96 gallon MacKenzie Disposal cart. Collection shall be taken from every commercial account and every Town park as necessary, not less than one (1) time each week, and from each residence not less than one (1) time each week. The term of the contract would be from July 1, 2024 thru June 30, 2029.

Item 2: Each resident will be provided with 3 free"tags" annually that can be used for extra garbage that may exceed what the 96 gallon cart will hold. Large items such as appliances, furniture, tires would have to be scheduled separately with MacKenzie Disposal and charged a fee.

Item 3: MacKenzie Disposal, Inc. will provide a "Spring Clean-up" as well as a "Fall Clean-up" dates to be determined by the Town Clerk and MacKenzie Disposal. Disposal fees for the proposed clean ups will be billed to the Town of Fromberg.

Item 4: MacKenzie Disposal has included for review, annual costs for the optional item that the Town of Fromberg has requested for providing a cardboard recycling container. The location of the container would be agreed upon between the Town and MacKenzie Disposal.

Disposal site for the contract term will be the City of Billings landfill. If the Town would prefer MacKenzie Disposal bill the Town for disposal charges that option has been listed. Historically the City of Billings has been raising tipping fees by 10% each year, those adjustments are calculated in the "WITH DISPOSAL" rates.

Town of Fromberg

Estimated Residential and Commercial Collection Compensation WITH landfill

Bid Item #	Description	Est. Quantity	collection frequency	Monthly Compensation Rate Per Collection 2024-25	2025-26	2026-27	2027-28	2028-29
101	Collection of 96 gallon carts with disposal	227	1 / week	$21.70	$22.16	$23.30	$23.78	$25.02
102	2 yard collection with disposal	0	1 / week	$79.84	$83.70	$87.87	$92.35	$94.29
103	3 yard collection with disposal	2	1 / week	$103.41	$108.70	$114.45	$120.65	$127.31
104	4 yard collection with disposal	1	1 / week	$133.57	$140.49	$148.02	$156.15	$164.88
105	6 yard collection with disposal	1	1 / week	$170.17	$179.65	$190.00	$201.23	$213.35
106	8 yard collection with disposal	1	1 / week	$204.27	$218.93	$229.34	$243.60	$259.01
		ANNUAL TOTAL >		$67,688.76	$69,441.48	$73,024.32	$74,883.72	$78,856.80

Bid Item #	Description	Est. Quantity	Cardboard Container Cost per Load 2024-25	2025-26	2026-27	2027-28	2028-29
108	40 Yard Cardboard Container for community use as well as businesses $425.00/haul MacKenzie will pay recycling fee	6	$425.00	$425.00	$425.00	$425.00	$425.00
	TOTAL >		$2,550.00	$2,550.00	$2,550.00	$2,550.00	$2,550.00

	2024-25	2025-26	2026-27	2027-28	2028-29
Estimated Total Annual Compensation	$70,238.76	$71,991.48	$75,574.32	$77,433.72	$81,406.80

Estimated Total Annual Compensation = **Monthly Residential and Commercial Compensation Rate X Est. Quantity**
PLUS
Cardboard Contrainer Cost Per Load X Est. Quantity

NOTICE OF AWARD

Date of Issuance:	May 13, 2024		
Owner:	Town of Fromberg	Owner's Project No.:	
Engineer:	Great West Engineering	Engineer's Project No.:	2-22110, TO1&2
Project:	Town of Fromberg Water and Sewer Improvements		
Contract Name:	Schedules 1, 2, 3, & 4 and Additive Alternate 1		
Bidder:	COP Construction LLC		
Bidder's Address:	242 S. 64th Street West, Billings, MT 59106		

You are notified that Owner has accepted your Bid dated April 3, 2024, for the above Contract, and that you are the Successful Bidder and are awarded a Contract for:

Schedules 1, 2, 3, & 4 and Additive Alternate 1

The Contract Price of the awarded Contract is $1,628,415.00. Contract Price is subject to adjustment based on the provisions of the Contract, including but not limited to those governing changes, Unit Price Work, and Work performed on a cost-plus-fee basis, as applicable.

Eight (8) unexecuted counterparts of the Agreement accompany this Notice of Award, and one copy of the Contract Documents accompanies this Notice of Award, or has been transmitted or made available to Bidder electronically.

You must comply with the following conditions precedent within 15 days of the date of receipt of this Notice of Award:

1. Deliver to Owner eight (8) counterparts of the Agreement, signed by Bidder (as Contractor).
2. Deliver with the signed Agreement(s) the Contract security (such as required performance and payment bonds) and insurance documentation, as specified in the Instructions to Bidders and in the General Conditions, Articles 2 and 6.

Failure to comply with these conditions within the time specified will entitle Owner to consider you in default, annul this Notice of Award, and declare your Bid security forfeited.

Within 10 days after you comply with the above conditions, Owner will return to you one fully signed counterpart of the Agreement, together with any additional copies of the Contract Documents as indicated in Paragraph 2.02 of the General Conditions.

Owner:

By *(signature)*: _____

Name *(printed)*: Tim Nottingham

Title: Mayor

Copy: Engineer

EJCDC® C-510, Notice of Award.
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AMENDMENT TO TASK ORDER TO OWNER-ENGINEER AGREEMENT
Amendment No. 2 to Task Order No. 1

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1. Background Data:

a. Effective Date of Task Order: August 9, 2022

b. Owner: Town of Fromberg, Montana

c. Engineer: Great West Engineering, Inc. (Project No. 2-22110)

d. Specific Project: ARPA Water System Improvements

2. Description of Modifications

The Owner bid the Water and Sewer Improvements Project on April 3, 2024, and has decided to award all four schedules and the additive alternate to the low bidder. This amendment to the Task Order adds services related to the construction of the water portions of the project, specifically Schedules 1, 3, 4, and 5 and Additive Alternate 1 of the Project.

a. Engineer shall perform the following Additional Services:

- Construction Phase (Exhibit A, Paragraph A1.05) services to act as the Owner's representative during construction and to provide general administration of the Construction Contract. The estimated fee is based upon 90 calendar days for the Construction Phase services related to Schedules 1, 3, 4, and 5 and Additive Alternate 1, including a full time, on-site Resident Project Representative (Exhibit A, Paragraph A1.05.A.2) assuming 40 hours per week on-site and travel to and from the project site.

- Post Construction Phase (Exhibit A, Paragraph A1.06) services to assist the Owner in addressing any defects in the Work discovered during the Construction Contract's correction period and scheduling and conducting a walk through one month before the Construction Contract's correction period's expiration date.

- Commissioning Phase (Exhibit A, Paragraph A1.07) services to prepare record drawings for the project.

b. The Scope of Services currently authorized to be performed by Engineer in accordance with the Task Order and previous amendments, if any, is modified as follows:

- Engineer will provide administration services for the Drinking Water State Revolving Fund (DWSRF) loan obtained to complete the funding package under Additional Services (Exhibit A, Paragraph A2.01).

c. The responsibilities of Owner with respect to the Task Order are modified as follows:

No modifications

d. For the Additional Services or the modifications to services set forth above, Owner shall pay Engineer the following additional or modified compensation:

Description of Service	Original Task Order & Amdt. 1	Amendment 2	Total	Basis of Compensation
1. Basic Services (Part 1 of Exhibit A)				
a. Study and Report Phase (A1.01)	-	-	-	
b. Preliminary Design Phase (A1.02)	$ 13,000	$ 0	$ 13,000	Lump Sum
c. Final Design Phase (A1.03)	$ 26,000	$ 0	$ 26,000	Lump Sum
d. Bidding or Negotiating Phase (A1.04)	$ 15,000	$ 0	$ 15,000	Lump Sum
e. Construction Phase (A1.05)	$ 0	$ 38,000	$ 38,000	Lump Sum
f. Resident Project Representative Services (A1.05.A.2)	$ 0	$ 117,000	$ 117,000	Hourly
g. Post-Construction Phase (A1.06)	$ 0	$4,500	$4,500	Lump Sum
h. Commissioning Phase (A1.07)	$ 0	$ 2,500	$ 2,500	Lump Sum
Subtotal for Basic Service	**$ 54,000**	**$ 162,000**	**$ 216,000**	
2. Additional Services (Part 2 of Exhibit A)				
a. Geotechnical Investigation and Report	$ 12,000	$ 0	$ 12,000	Lump Sum
b. MDT and BNSF Permit Applications	$ 5,000	$ 0	$ 5,000	Lump Sum
c. Grant and Loan Administration	$ 13,000	$ 7,000	$ 20,000	Lump Sum
Subtotal for Additional Services	**$ 30,000**	**$ 7,000**	**$ 37,000**	
TOTAL COMPENSATION	**$ 84,000**	**$ 169,000**	**$ 253,000**	

Compensation items and totals based in whole or in part on Hourly Rates or Direct Labor are estimates only. Lump sum amounts and estimated totals included in the breakdown by phases incorporate Engineer's labor, overhead, profit, reimbursable expenses (if any), and Consultants' charges, if any. For lump sum items, Engineer may alter the distribution of compensation between individual phases (line items) to be consistent with services actually rendered but shall not exceed the total lump sum compensation amount unless approved in writing by the Owner.

e. The schedule for rendering services under this Task Order is modified as follows:

Construction services will be provided based upon the Contractor's schedule.

f. Other portions of the Task Order (including previous amendments, if any) are modified as follows:

None

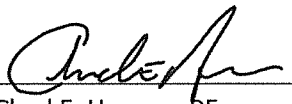
3. Task Order Summary (Reference only)

a.	Original Task Order amount:	$ 82,000
b.	Net change for prior amendments:	$ 2,000
c.	This amendment amount:	$ 169,000
d.	Adjusted Task Order amount:	$ 253,000

The foregoing Task Order Summary is for reference only and does not alter the terms of the Task Order, including those set forth in Exhibit C.

Owner and Engineer hereby agree to modify the above-referenced Task Order as set forth in this Amendment. All provisions of the Agreement and Task Order not modified by this or previous Amendments remain in effect.

The Effective Date of this Amendment is May 13, 2024.

OWNER: **Town of Fromberg, Montana**		ENGINEER: **Great West Engineering, Inc.**	
By:		By:	
Print Name:	Tim Nottingham	Print Name:	Chad E. Hanson, PE
Title:	Mayor	Title:	Business Unit Manager
Date Signed:		Date Signed:	May 3, 2024

AMENDMENT TO TASK ORDER TO OWNER-ENGINEER AGREEMENT
Amendment No. 3 to Task Order No. 2

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1. Background Data:

a. Effective Date of Task Order: September 23, 2022

b. Owner: Town of Fromberg, Montana

c. Engineer: Great West Engineering, Inc. (Project 2-22110)

d. Specific Project: Sewer Transmission Main Rehabilitation

2. Description of Modifications

The Owner bid the Water and Sewer Improvements Project on April 3, 2024, and has decided to award all four schedules and the additive alternate to the low bidder. This amendment to the Task Order adds services related to the construction of the sewer transmission main portion of the project, specifically Schedule 2 of the Project.

a. Engineer shall perform the following Additional Services:

- Construction Phase (Exhibit A, Paragraph A1.05) services to act as the Owner's representative during construction and to provide general administration of the Construction Contract. The estimated fee is based upon 30 calendar days for the Construction Phase services related to Schedules 2, including a full time, on-site Resident Project Representative (Exhibit A, Paragraph A1.05.A.2) assuming 40 hours per week on-site and travel to and from the project site.

- *Post Construction Phase (Exhibit A, Paragraph A1.06) and Commissioning Phase (Exhibit A, Paragraph A1.07) services for the project will be provided under Amendment 2 to Task Order 1 of the Agreement.*

b. The Scope of Services currently authorized to be performed by Engineer in accordance with the Task Order and previous amendments, if any, is modified as follows:

- Engineer will provide administration services for the Drinking Water State Revolving Fund (DWSRF) loan obtained to complete the funding package under Additional Services (Exhibit A, Paragraph A2.01).

c. The responsibilities of Owner with respect to the Task Order are modified as follows:

No modifications

d. For the Additional Services or the modifications to services set forth above, Owner shall pay Engineer the following additional or modified compensation:

Description of Service	Original Task Order & Amdt. 1 & 2	Amendment 3	Total	Basis of Compensation
1. Basic Services (Part 1 of Exhibit A)				
a. Study and Report Phase (A1.01)	$ 5,000	$ 0	$ 5,000	Lump Sum
b. Preliminary Design Phase (A1.02)	$ 10,000	$ 0	$ 10,000	Lump Sum
c. Final Design Phase (A1.03)	$ 25,000	$ 0	$ 25,000	Lump Sum
d. Bidding or Negotiating Phase (A1.04)	$ 5,000	$ 0	$ 5,000	Lump Sum
e. Construction Phase (A1.05)*	$ 0	$ 7,000	$ 7,000	Lump Sum
f. Resident Project Representative Services (A1.05.A.2)	$ 0	$ 36,000	$ 36,000	Hourly
g. Post-Construction Phase (A1.06)	$ 0	$ 0	$ 0	
h. Commissioning Phase (A1.07)	$ 0	$ 0	$ 0	
Subtotal for Basic Service	**$ 45,000**	**$ 43,000**	**$ 88,000**	
2. Additional Services (Part 2 of Exhibit A)				
a. Grant and Loan Administration	$ 9,000	$ 2,500	$ 11,500	Lump Sum
b. MCEP Emergency Grant Application	$ 1,000	$ 0	$ 1,000	Lump Sum
c. Geotechnical Investigation and Report	$ 7,000	$ 0	$ 7,000	Lump Sum
d. MDT and BNSF Permit Applications	$ 5,000	$ 0	$ 5,000	Lump Sum
Subtotal for Additional Services	**$ 22,000**	**$ 2,500**	**$ 24,500**	
TOTAL COMPENSATION	**$ 67,000**	**$ 45,500**	**$ 112,500**	

Compensation items and totals based in whole or in part on Hourly Rates or Direct Labor are estimates only. Lump sum amounts and estimated totals included in the breakdown by phases incorporate Engineer's labor, overhead, profit, reimbursable expenses (if any), and Consultants' charges, if any. For lump sum items, Engineer may alter the distribution of compensation between individual phases (line items) to be consistent with services actually rendered but shall not exceed the total lump sum compensation amount unless approved in writing by the Owner.

e. The schedule for rendering services under this Task Order is modified as follows:

Construction services will be provided based upon the Contractor's schedule.

f. Other portions of the Task Order (including previous amendments, if any) are modified as follows:

None

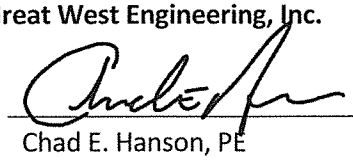
3. Task Order Summary (Reference only)

a.	Original Task Order amount:	$ 7,500
b.	Net change for prior amendments:	$ 59,500
c.	This amendment amount:	$ 45,500
d.	Adjusted Task Order amount:	$ 112,500

The foregoing Task Order Summary is for reference only and does not alter the terms of the Task Order, including those set forth in Exhibit C.

Owner and Engineer hereby agree to modify the above-referenced Task Order as set forth in this Amendment. All provisions of the Agreement and Task Order not modified by this or previous Amendments remain in effect.

The Effective Date of this Amendment is May 13, 2024.

OWNER: **Town of Fromberg, Montana**		ENGINEER: **Great West Engineering, Inc.**	
By:		By:	
Print Name:	Tim Nottingham	Print Name:	Chad E. Hanson, PE
Title:	Mayor	Title:	Business Unit Manager
Date Signed:		Date Signed:	May 3, 2024

RESOLUTION NO. 524

RESOLUTION RELATING TO THE ISSUANCE BY THE TOWN OF FROMBERG OF ITS $830,000 WATER SYSTEM REVENUE BONDS (DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM), CONSISTING OF $617,000 SUBORDINATE LIEN TAXABLE SERIES 2024A BOND AND $213,000 SERIES 2024B BOND; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF AS A SUPPLEMENTAL RESOLUTION TO RESOLUTION NOS. 466 AND 467

WHEREAS, pursuant to the Drinking Water State Revolving Fund Act, Montana Code Annotated, Title 75, Chapter 6, Part 2, as amended (the "State Act"), the State of Montana (the "State") has established a revolving loan program (the "Program") to be administered by the Department of Natural Resources and Conservation of the State of Montana, an agency of the State (the "DNRC"), and by the Department of Environmental Quality of the State of Montana, an agency of the State (the "DEQ"), and has provided that a drinking water state revolving fund (the "Revolving Fund") be created within the state treasury and all federal, state and other funds for use in the Program be deposited into the Revolving Fund, including, but not limited to, all federal grants for capitalization of a state drinking water revolving fund under the federal Safe Drinking Water Act (the "Safe Drinking Water Act"), all repayments of assistance awarded from the Revolving Fund, interest on investments made on money in the Revolving Fund and payments of principal of and interest on loans made from the Revolving Fund; and

WHEREAS, the State Act provides that funds from the Program shall be disbursed and administered for the purposes set forth in the Safe Drinking Water Act and according to rules adopted by the DEQ and the DNRC; and

WHEREAS, the Town of Fromberg (the "Borrower"), by its Ordinance No. 244 issued its $734,100 Water System Revenue Bond, Series 1996 (the "Series 1996 Bond") and pledged the revenue of the Borrower's water system to the payment of the Series 1996 Bond; and

WHEREAS, the Borrower, by its Resolution No. 466 dated July 24, 2017, authorized the issuance of its $481,000 Water System Refunding Revenue Bond (DNRC Drinking Water Revolving Loan Program), Series 2017 Bond (the "Series 2017 Refunding Bond") to refund the Series 1996 Bond, and pledged the revenue of the Borrower's water system to the payment of the Series 2017 Refunding Bond; and

WHEREAS, the Borrower, by its Resolution No. 467 dated July 24, 2017, which amended and supplements Resolution No. 466, and authorized the issuance of its $343,600 Water System Revenue Bond (DNRC Drinking Water Revolving Loan Program), consisting of a $171,800 Subordinate Lien Taxable Series 2017A Bond (the "Series 2017A Bond"), which pursuant to conditions outlined in Resolution No. 467, was forgiven, and a $171,800 Series 2017B Bond (the "Series 2017B Bond") and pledged the revenue of the Borrower's water system to the payment of the Series 2017B Bond on a parity lien basis with the Series 2017 Refunding Bond"); and

WHEREAS, the 2024 EPA Capitalization Grants (as hereinafter defined) require that loans under the Program funded in whole or in part by such grant in the aggregate and not on a loan-by-loan basis be

structured in such a way that a dollar amount in the aggregate equal to at least 15% of the total proceeds of such grant be subject to loan forgiveness; and

WHEREAS, the Borrower has advertised for and received bids for the "Series 2024 Project, as herein defined, and the lowest responsive bid is within the budget for the Series 2024 Project; and

WHEREAS, the Borrower has applied to the DNRC for the 2024A and B Loans (as hereinafter defined) from the Revolving Fund to enable the Borrower to finance, refinance or reimburse itself for the costs of the Series 2024 Project which will carry out the purposes of the Safe Drinking Water Act; and

WHEREAS, the Borrower is authorized under applicable laws, ordinances and regulations to adopt this Resolution and to issue the Series 2024 Bonds (as hereinafter defined) to evidence the 2024A and B Loans (as hereinafter defined) for the purposes set forth herein; and

WHEREAS, the DNRC will fund: (i) the 2024A Loan (as hereinafter defined) from proceeds of a portion of the 2024 EPA Capitalization Grant, and (ii) the 2024B Loan (as hereinafter defined) in part, directly or indirectly, with proceeds of State Bonds (as hereinafter defined) and in part, directly or indirectly, with funds provided by the United States Environmental Protection Agency under the Safe Drinking Water Act.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF FROMBERG, CARBON COUNTY, MONTANA, AS FOLLOWS:

ARTICLE I

DEFINITIONS, RULES OF CONSTRUCTION AND APPENDICES

Section 1.1 Definitions. In this Resolution, unless a different meaning clearly appears from the context or is separately defined herein, the meanings of words with initial capitalization are as defined in Town Resolution No. 466, as amended and supplemented by Resolution No. 467:

"Administrative Expense Surcharge" means, (i) in respect of the 2024B Loan, in any event, and (ii) in respect of the 2024A Loan, upon the delivery of a Noncompliance Statement as provided by this Resolution, a surcharge equal to twenty-five hundredths of one percent (0.25%) per annum on the outstanding principal amount of the 2024 Loans from the date of each advance thereof, payable by the Borrower on a Payment Date.

"Bonds" means the Series 2024B Bond, the Series 2017 Refunding Bond, and any Additional Bonds to be issued on a parity therewith; "Bonds" does not include the Series 2024A Bond.

"Closing" means the date of delivery of the Series 2024 Bonds to the DNRC.

"Committed Amount" means the amount of the 2024 Loans committed to be lent by the DNRC to the Borrower pursuant to Section 4.1 of this Resolution, as such amount may be reduced pursuant to Sections 3.2 and 3.4 of this Resolution.

"Construction Contract" means the Borrower's contract with COP Construction of Billings, Montana in compliance with all laws of the State, including those regarding the construction of public projects.

"Determination Statement" means a Forgiveness Statement or a Noncompliance Statement.

"DNRC" means the Department of Natural Resources and Conservation of the State of Montana, an agency of the State, and any successor to its powers, duties and obligations under the State Act.

"DNRC Compliance Certificate and Request" means the certificate and request substantially in the form of the attached Appendix D delivered by the DNRC to the Borrower following the final advance of principal of the 2024A Loan, to be completed, executed and delivered by the Borrower to the DNRC pursuant to Section 5.1.2 of this Resolution.

"DNRC Forgiveness Statement" means a written statement delivered to the Borrower by the DNRC in response to a Compliance Certificate and Request that the Borrower's obligation to repay the principal of the Series 2024A Bond is forgiven.

"DNRC Noncompliance Statement" means a written statement delivered to the Borrower by the DNRC that the Borrower's obligation to repay the principal of the Series 2024A Bond is not forgiven.

"Enabling Act" means Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as amended, which authorizes the Borrower to own and operate the System and to finance or refinance improvements to the System.

"Estimated Completion Date" means December 31, 2024, the date by which it is estimated by the Borrower that the Series 2024 Project will be substantially completed.

"Loan Loss Reserve" means a surcharge on the 2024 Loans charged by DNRC to the Borrower equal to twenty-five hundredths of one percent (0.25%) per annum on the outstanding principal amount of the 2024 Loans from the date of each advance thereof, payable by the Borrower on a Payment Date, except as otherwise provided for the 2024A Loan in Section 5.1 hereof.

"Loan Repayments" means periodic installments of principal and interest by Borrower in repayment of the Series 2024B Bond, and if the DNRC delivers a DNRC Noncompliance Statement, for the Series 2024A Bond, at the rates and times specified in Article V of this Resolution.

"Payment Date" means, with respect the 2024B Loan, each January 1 and July 1 during the term of the Series 2024B Bond on which a payment of interest or principal and interest is due, as determined under this Resolution, and, if a Noncompliance Statement is delivered with respect to the 2024A Loan, each January 1 and July 1 during the term of the Series 2024A Bond on which a payment of interest or principal and interest is due, as determined under this Resolution.

"Project" means an improvement, betterment, reconstruction or extension of the System, including the Series 2024 Project.

"Registrar," with regard to the Series 2024 Bonds, means the Town Clerk.

"Reserve Requirement" means, as of the date of calculation, an amount equal to one-half the maximum principal and interest payable on outstanding Bonds in the current or any future fiscal year (giving effect to mandatory sinking fund redemption, if any).

"Series 2017 Refunding Bond" means the $481,000 Water System Refunding Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2017.

"Series 2017B Bond" means the $171,800 Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2017B.

"Series 2024 Bonds" means, collectively, the Series 2024A Bond and the Series 2024B Bond.

"Series 2024A Bond" means the $617,000 Subordinate Lien Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Taxable Series 2024A, issued to the DNRC to evidence the 2024A Loan.

"Series 2024B Bond" means the $213,000 Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2024B, issued to the DNRC to evidence the 2024B Loan.

"Series 2024 Project" means the financing and designing for drilling and construction of a new back-up well and connecting it to the manifold in the existing well house and relocating/replacing the existing bulk water station, described in Appendix A hereto.

"Subordinate Obligations" means bonds to be paid from the Surplus Net Revenue of the System. Such obligations do not have a parity lien against the Net Revenues of the System.

"Subordinate Obligations Account" means the Surplus Account in the Water System Fund contemplated and created pursuant to this Resolution.

"2024A Committed Amount" means the amount of the 2024A Loan committed to be lent by the DNRC to the Borrower pursuant to Section 4.1 of this Resolution, as such amount may be reduced pursuant to Section 3.2 and Section 3.4 of this Resolution.

"2024B Committed Amount" means the amount of the 2024B Loan committed to be lent by the DNRC to the Borrower pursuant to Section 4.1 of this Resolution, as such amount may be reduced pursuant to Section 3.2 and Section 3.4 of this Resolution.

"2024 EPA Capitalization Grant" means that EPA Capitalization Grant made available to the Program from 2024 federal appropriations.

"2024B First Advance" means the first advance of funds of the 2024 Loans, which shall be made from the proceeds of the 2024B Loan by the DNRC to the Borrower in the amount of at least $8,591.

"2024 Loans" or "Loan" means, collectively, the 2024A Loan and 2024B Loan made to the Borrower by the DNRC pursuant to the Program in the maximum amount of the Committed Amount to provide funds to pay all or a portion of the costs of the Series 2024 Project and to pay costs of issuance of the Series 2024 Bonds.

"2024A Loan" means the loan made to the Borrower by the DNRC pursuant to the Program in the maximum amount of the 2024A Committed Amount to provide funds to pay a portion of the costs of the Series 2024 Project payable under the Program and to pay costs of issuance.

"2024B Loan" means the loan made to the Borrower by the DNRC pursuant to the Program in the maximum amount of the 2024B Committed Amount to provide funds to pay a portion of the costs of the Series 2024 Project payable under the Program and to pay costs of issuance.

"Undisbursed Committed Amount" means any undisbursed Committed Amount which is not required to pay costs of the Series 2024 Project upon completion thereof as provided in Section 3 of this Resolution.

Section 1.2 Other Rules of Construction. For all purposes of this Resolution, except where the context clearly indicates otherwise the Rules of Construction referenced in Section 1.2 of Resolution No. 306 apply.

Section 1.3 Appendices. Attached to this Resolution and hereby made a part hereof are the following Appendices:

Appendix A: a description of the Series 2024 Project;

Appendix B-1: the form of the Series 2024A Bond;

Appendix B-2: the form of the Series 2024B Bond;

Appendix C: additional agreements and representations of the Borrower; and

Appendix D: DNRC Compliance Certificate and Request.

ARTICLE II

AUTHORIZATION, FINDINGS, REPRESENTATIONS AND COVENANTS

Section 2.1 Authorization and Findings.

(a) Authorization. Under the provisions of the Act, the Borrower is authorized to issue and sell its revenue bonds payable during a term not exceeding forty years from their date of issue, to provide funds for the reconstruction, improvement, betterment and extension of the System or to refund its revenue bonds issued for such purpose; provided that the bonds and the interest thereon are to be payable solely out of the net income and revenues to be derived from rates, fees and charges for the services, facilities and commodities furnished by the undertaking, and are not to create any obligation for the payment of which taxes may be levied except to pay for services provided by the undertaking to the Borrower.

(b) The System. The Borrower, pursuant to the Act and other laws of the State has established and presently owns and operates the System.

(c) The 2024 Project. After investigation of the facts and as authorized by the Act, this Council has determined it to be necessary and desirable and in the best interests of the Borrower to acquire and construct the Series 2024 Project.

(d) The total cost of the 2024 Project and costs of issuance of the Series 2024 Bonds and funding the reserve is estimated to be $81,515,499, which is anticipated to be funded by proceeds of the Series 2024 Bonds, allocated as appropriate between the Series 2024A Bond and the Series 2024B Bond, a $677,999 ARPA Competitive grant, and $7,500 contribution from the Borrower. The Borrower covenants with the DNRC that from and after the 2024B First Advance it will spend the Committed Amount on costs of the Series 2024 Project before applying its own funds, if any, to costs of the Series 2024 Project.

Section 2.2 Representations. The Borrower represents as follows:

(a) Organization and Authority. The Borrower:

(1) is duly organized and validly existing as a municipal corporation of the State;

(2) has all requisite power and authority and all necessary licenses and permits required as of the date hereof to own and operate the System and to carry on its current activities with respect to the System, to adopt this Resolution and to enter into the Collateral Documents and to issue the Series 2024 Bonds and to carry out and consummate all transactions contemplated by the Resolution, the Series 2024 Bonds and the Collateral Documents;

(3) is a Governmental Unit and a Public Entity; and

(4) has taken all proper action to authorize the execution, delivery and performance of its obligations under this Resolution, the Series 2024 Bonds and the Collateral Documents and the incurrence of the Debt evidenced by the Series 2024 Bonds in the maximum amount of the Committed Amount.

(b) Litigation. There is no litigation or proceeding pending, or to the knowledge of the Borrower threatened, against or affecting the Borrower in any court or before or by any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the existence, corporate or otherwise, of the Borrower, or the ability of the Borrower to make all payments and otherwise perform its obligations under the Resolution, the Series 2024 Bonds and the Collateral Documents, or the financial condition of the Borrower, or the transactions contemplated by the Resolution, the Series 2024 Bonds and the Collateral Documents or the validity and enforceability of the Resolution, the Series 2024 Bonds and the Collateral Documents. No referendum petition has been filed with respect to any resolution or other action of the Borrower relating to the Series 2024 Project, the Series 2024 Bonds or any Collateral Documents and the period for filing any such petition will have expired before issuance of the Series 2024 Bonds.

(c) Borrowing Legal and Authorized. The adoption of this Resolution, the execution and delivery of the Series 2024 Bonds and the Collateral Documents and the consummation of the transactions provided for in this Resolution, the Series 2024 Bonds and the Collateral Documents and compliance by the Borrower with the provisions of the Resolution, the Series 2024 Bonds and the Collateral Documents:

(1) are within the powers of the Borrower and have been duly authorized by all necessary action on the part of the Borrower; and

(2) do not and will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Borrower pursuant to any ordinance, resolution, indenture, loan agreement or other agreement or instrument (other than the Resolution and any Collateral Documents) to which the Borrower is a party or by which the Borrower or its property may be bound, nor will such action result in any violation of the provisions of any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Borrower, its properties or operations are subject.

(d) No Defaults. No event has occurred and no condition exists that, upon execution and delivery of the Series 2024 Bonds and the Collateral Documents, would constitute a default under the Resolution or the Collateral Documents. The Borrower is not in violation of any term of any agreement, bond resolution, trust indenture, charter or other instrument to which it is a party or by which it or its property may be bound which violation would materially and adversely affect the transactions contemplated hereby or the compliance by the Borrower with the terms hereof or of the Series 2024 Bonds and the Collateral Documents.

(e) Governmental Consent. The Borrower has obtained or made all permits, findings and approvals required to the date of adoption of this Resolution by any governmental body or officer for the making and performance by the Borrower of its obligations under this Resolution, the Series 2024 Bonds and the Collateral Documents (including any necessary water rate increase) or for the Series 2024 Project, the financing or refinancing thereof or the reimbursement of the Borrower for the costs thereof. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority (other than those, if any, already obtained) is required on the part of the Borrower as a condition to adopting this Resolution, issuing the Series 2024 Bonds or entering into the Collateral Documents and the performance of the Borrower's obligations hereunder and thereunder.

(f) Binding Obligation. This Resolution, the Series 2024 Bonds and any Collateral Document to which the Borrower is a party are the valid and binding special, limited obligations and agreements of the Borrower, enforceable against the Borrower in accordance with their terms, except to the extent that the enforceability thereof may be limited by laws relating to bankruptcy, moratorium, reorganization, insolvency or similar laws affecting creditors' rights and general principles of equity.

(g) The Series 2024 Project. The Series 2024 Project consists and will consist of the facilities, improvements and activities described in Appendix A, as such Appendix A may be amended from time to time in accordance with the provisions of Article III of this Resolution. The Series 2024 Project comprises facilities of a type that, as determined by the EPA, will facilitate compliance with the national primary drinking water regulations applicable to the System or will otherwise significantly further the health protection objectives of the Safe Drinking Water Act.

(h) The System. The System is a "community water system" within the meaning of the State Act and the Safe Drinking Water Act in that it is a public water system, comprising collection, treatment, storage and distribution facilities for the provision to the public of water for human consumption, that

serves not less than 15 service connections used by year-round residents of the area served by the System or regularly serves not less than 25 year-round residents.

(i) Full Disclosure. There is no fact that the Borrower has not specifically disclosed in writing to the DNRC that materially and adversely affects or (so far as the Borrower can now foresee), except for pending or proposed legislation or regulations that are a matter of general public information, that will materially and adversely affect the properties, operations and finances of the System, the Borrower's status as a Public Entity and Governmental Unit, its ability to own and operate the System in the manner it is currently operated or the Borrower's ability to perform its obligations under the Resolution, the Series 2024 Bonds and the Collateral Documents and to pledge any revenues or other property pledged to the payment of the Series 2024 Bonds.

(j) Compliance With Law. The Borrower:

(1) is in compliance with all laws, ordinances, governmental rules and regulations and court or other governmental orders, judgments and decrees to which it is subject and which are material to the properties, operations and finances of the System or its status as a Public Entity and Governmental Unit; and

(2) has obtained all licenses, permits, franchises or other governmental authorizations necessary to the ownership of the System and the operation thereof and agrees to obtain all such licenses, permits, franchises or other governmental authorizations as may be required in the future for the System and the operation thereof, which failure to obtain might materially and adversely affect the ability of the Borrower to conduct the operation of the System as presently conducted or the condition (financial or otherwise) of the System or the Borrower's ability to perform its obligations under the Resolution, the Series 2024 Bonds and the Collateral Documents.

Section 2.3 Covenants Regarding Insurance, Inspection, Security, Financial Information and Compliance. The Borrower makes the same covenants with regard to insurance, inspection, security, financial information and compliance for the Series 2024 Bonds as were made in Section 2.2 of Resolution No. 466 for the Series 2017 Refunding Bond, as amended and supplemented by Resolution 467, for the Series 2017B Bond.

Section 2.4 Covenants Relating to the Tax-Exempt Status of the State Bonds.

(a) The Borrower covenants and agrees that it will not use or permit to be used any of the proceeds of the Series 2024 Bonds or any other funds of the Borrower in respect of the Series 2024 Project or the Series 2024 Bonds, directly or indirectly, in a manner that would cause, or take any other action that would cause, any State Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or would otherwise cause the interest on the State Bonds to be included in gross income for purposes of federal income taxation.

(b) The Borrower agrees that it will not enter into, or allow any "related person" (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the State Bonds or any other obligations of the DNRC in an amount related to the amount of the 2024 Loans or the portion of the 2024 Loans derived directly or indirectly from proceeds of the State Bonds or that would otherwise cause any State Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code.

(c) The Borrower shall not use or permit the use of the Series 2024 Project directly or indirectly in any trade or business carried on by any Person who is not a Governmental Unit. For the purpose of this subparagraph, use as a member of the general public (within the meaning of the Regulations) shall not be taken into account and any activity carried on by a Person other than a natural person shall be treated as a trade or business.

(d) Any portion of the Series 2024 Project being refinanced or the cost of which is being reimbursed was acquired by and is now and shall, during the term of the 2024 Loans, be owned by the Borrower and not by any other Person. Any portion of the Series 2024 Project being financed shall be acquired by and shall, during the term of the 2024 Loans, be owned by the Borrower and not by any other Person. Notwithstanding the previous two sentences, the Borrower may transfer the Series 2024 Project or a portion thereof to another Governmental Unit which is also a Public Entity if such transfer is otherwise permitted under the Resolution and if such organization agrees with the DNRC to comply with Section 2.3(h), Section 2.3(i) and Section 2.4 of this Resolution and if the DNRC receives an Opinion of Bond Counsel that such transfer will not violate the State Act or the Safe Drinking Water Act or adversely affect the exclusion of interest on the State Bonds from gross income or purposes of federal income taxation. In addition, except as otherwise provided in the Resolution or in any Collateral Documents, the Borrower may sell or otherwise dispose of any portion of the Series 2024 Project which has become obsolete or outmoded or is being replaced or for other reasons is not needed by the Borrower or beneficial to the general public or necessary to carry out the purposes of the Safe Drinking Water Act.

(e) At the Closing of the 2024 Loans, the DNRC will, if necessary to obtain the Opinion of Bond Counsel described in Section 7.05(a) of the Indenture, deliver to the Borrower instructions concerning compliance by the Borrower with the arbitrage rebate requirements of Section 148 of the Code (the "Arbitrage Rebate Instructions"). The Borrower shall comply with the Arbitrage Rebate Instructions, if any, delivered to it by the DNRC at Closing, as such Instructions may be amended or replaced by the DNRC from time to time. The Arbitrage Rebate Instructions may be amended or replaced by new Arbitrage Rebate Instructions delivered by the DNRC and accompanied by an Opinion of Bond Counsel to the effect that the use of said amended or new Arbitrage Rebate Instructions will not adversely affect the excludability of interest on the State Bonds or any Additional State Bonds (except State Bonds the interest on which the State did not intend to be excluded from gross income for federal income tax purposes) from gross income of the recipients thereof for federal income tax purposes.

(f) The Borrower agrees that during the term of the 2024 Loans it will not contract with or permit any Private Person to manage the Series 2024 Project or any portion thereof except according to a written management contract and upon delivery to the DNRC of an opinion of Bond Counsel to the effect that the execution and delivery of such management contract will not violate the State Act or the Safe Drinking Water Act or adversely affect the exclusion of interest on State Bonds from gross income or purposes of federal income taxation.

(g) The Borrower may not lease the Series 2024 Project or any portion thereof to any Person other than a Nonexempt Person which agrees in writing with the Borrower and the State not to cause any default to occur under the Resolution; provided the Borrower may lease all or any portion of the Series 2024 Project to a Nonexempt Person pursuant to a lease which in the Opinion of Bond Counsel delivered to the DNRC will not cause the interest on the State Bonds to be included in gross income for purposes of federal income taxation.

(h) The Borrower shall not change the use or nature of the Series 2024 Project if (i) such change will violate the Safe Drinking Water Act, or (ii) so long as the State Bonds are outstanding unless, in the Opinion of Bond Counsel delivered to the DNRC, such change will not result in the inclusion in gross income of interest on the State Bonds for federal income tax purposes.

Section 2.5 Maintenance of System; Liens. The Borrower shall maintain the System, including the Series 2024 Project, in good condition and make all necessary renewals, replacements, additions, betterments and improvements thereto. The Borrower shall not grant or permit to exist any lien on the Series 2024 Project or any other property making up part of the System, other than liens securing Debt where a parity or senior lien secures the Series 2024 Bonds; provided that this Section 2.5 shall not be deemed to be violated if a mechanic's or contractor's lien is filed against any such property so long as the Borrower uses its best efforts to obtain the discharge of such lien and promptly reports to the DNRC the filing of such lien and the steps it plans to take and does take to discharge of such lien.

Section 2.6 Maintenance of Existence; Merger, Consolidation, Etc.; Disposition of Assets. The Borrower shall maintain its corporate existence, except that it may consolidate with or merge into another Governmental Unit or permit one or more Governmental Units to consolidate with or merge into it or may transfer all or substantially all of its assets to another Governmental Unit and then dissolve if the surviving, resulting or transferee entity (if other than the Borrower) (i) is a Public Entity and (ii) assumes in writing all of the obligations of the Borrower under the Resolution, the Series 2024 Bonds and the Collateral Documents, and (a) such action does not result in any default in the performance or observance of any of the terms, covenants or agreements of the Borrower under the Resolution, the Series 2024 Bonds and the Collateral Documents, (b) such action does not violate the State Act or the Safe Drinking Water Act and does not adversely affect the exclusion of interest on the Series 2024 Bonds or the State Bonds from gross income for federal income tax purposes and (c) the Borrower delivers to the DNRC on the date of such action an Opinion of Bond Counsel that such action complies with this Section 2.6.

Other than pursuant to the preceding paragraph, the Borrower shall not transfer the System or any portion thereof to any other Person, except for property which is obsolete, outmoded, worn out, is being replaced or otherwise is not needed for the operation of the System, unless the provisions of (a) and (b) of the preceding paragraph are satisfied and the Borrower delivers to the DNRC an Opinion of Bond Counsel to that effect and, in addition, the DNRC consents to such transfer.

ARTICLE III

USE OF PROCEEDS; THE Series 2024 Project

Section 3.1 Use of Proceeds. The Borrower shall apply the proceeds of the 2024 Loans from the DNRC solely as follows:

(a) The Borrower shall apply the proceeds of the 2024 Loans solely to the financing or reimbursement of the costs of the Series 2024 Project as set forth in Appendix A hereto and this Section 3.1. The 2024 Loans will be disbursed in accordance with Article IV hereof and Article VII of the Indenture. If the Series 2024 Project has not been completed prior to Closing, the Borrower shall, as quickly as reasonably possible, complete the Series 2024 Project and expend proceeds of the 2024 Loans to pay the costs of completing the Series 2024 Project.

(b) No portion of the proceeds of the 2024 Loans shall be used to reimburse the Borrower for costs paid prior to the date of adoption of this Resolution of a Project the construction or acquisition of which occurred or began earlier than June 1, 1993. In addition, if any proceeds of the 2024 Loans are to be used to reimburse the Borrower for Series 2024 Project costs paid prior to the date of adoption of this Resolution, the Borrower shall have complied with Section 1.150-2 of the Regulations in respect of such costs.

(c) Any Debt to be refinanced with proceeds of the 2024 Loans was incurred after June 1, 1993 for a Project the construction or acquisition of which began after June 1, 1993. No proceeds of the 2024 Loans shall be used for the purpose of refinancing an obligation the interest on which is exempt from federal income tax or excludable from gross income for purposes of federal income taxation unless the DNRC has received an Opinion of Bond Counsel, satisfactory to it, to the effect that such refinancing will not adversely affect the exclusion of interest on the State Bonds from gross income for purposes of federal income taxation.

Section 3.2 The Series 2024 Project. Set forth in Appendix A to this Resolution is a description of the Series 2024 Project, which describes the property which has been or is to be acquired, installed, constructed or improved and the other activities, if any to be funded from the 2024 Loans (the Series 2024 Project may consist of more than one facility or activity), and an estimated budget relating to the Series 2024 Project. The Series 2024 Project may be changed and the description thereof in Appendix A may be amended from time to time by the Borrower but only after delivery to the DNRC of the following:

(a) A certificate of the Borrower setting forth the amendment to Appendix A and stating the reason therefor, including statements whether the amendment would cause an increase or decrease in the cost of the Series 2024 Project, an increase or decrease in the amount of 2024 Loans proceeds which will be required to complete the Series 2024 Project and providing that the change will not delay the construction schedule for the Series 2024 Project;

(b) A written consent to such change in the Series 2024 Project by an Authorized DNRC Officer;

(c) An Opinion or Opinions of Bond Counsel stating that the Series 2024 Project, as constituted after such amendment, is, and was at the time the State Bonds were issued, eligible for financing under the State Act and is, and was at the time the Series 2024 Bonds were issued, eligible for financing under the Act, such amendment will not violate the State Act or the Act and such amendment will not adversely affect the exclusion of interest on the State Bonds or the Series 2024B Bond from gross income for purposes of federal income taxation. Such an Opinion of Bond Counsel shall not be required for amendments which do not affect the type of facility to be constructed or activity to be financed; and

(d) In the event the change to the Series 2024 Project has the effect of reducing the amount of the Committed Amount, the written consent of the Borrower to reallocation of the Committed Amount between the 2024A Loan and the 2024B Loan, if required by the DNRC, as described in Section 5.6 below.

The Borrower acknowledges and agrees that an increase in the principal amount of the 2024 Loans may be made only upon an application to the DEQ, the DNRC and the Trustee, in such form as the DEQ shall specify, which is approved by the DEQ and the DNRC, in their sole and absolute discretion, and

adoption by the governing body of the Borrower of a resolution amendatory of or supplementary to the Resolution authorizing the additional loan and delivery of written certifications by officers of the Borrower to the DEQ, the DNRC and the Trustee to the effect that all representations and covenants contained in the Resolution as it may be so amended or supplemented are true as of the date of closing of the additional loan and compliance with applicable tests for the incurrence of such Debt. No assurance can be given that any additional loan funds will be available under the Program at the time of any such application or thereafter. The Borrower acknowledges and agrees that neither the DEQ, the DNRC, the Trustee nor any of their agents, employees or representatives shall have any liability to the Borrower and have made no representations to the Borrower as to the sufficiency of the 2024 Loans to pay costs of the Series 2024 Project or as to the availability of additional funds under the Program to increase the principal amount of the 2024 Loans.

Section 3.3 Series 2024 Project Representations and Covenants. The Borrower hereby represents to and covenants with the DNRC that:

(a) all construction of the Series 2024 Project has complied and will comply with all federal and state standards, including, without limitation, EPA regulations and standards;

(b) all construction of the Series 2024 Project has and will be done only pursuant to fixed price construction contracts or for quotes for purchase orders of equipment to be supplied from a supplier that is not providing more than $80,000 of equipment for the Series 2024 Project. The Borrower has obtained a performance and payment bond from the contractor for each construction contract in the amount of 100% of the construction price and will ensure that such bond is maintained until construction is completed to the Borrower's, the DNRC's and the DEQ's satisfaction;

(c) all construction of the Series 2024 Project has and will be done in accordance with plans and specifications on file with the DNRC and the DEQ, provided that changes may be made in such plans and specifications with the written consent of an Authorized DNRC Officer and the DEQ;

(d) all laborers and mechanics employed by contractors and subcontractors on the Series 2024 Project have been and will be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the United States Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code;

(e) the Series 2024 Project is a project of the type permitted to be financed under the Act, the State Act and the Program and Section 1452 of the Safe Drinking Water Act; and

(f) the Borrower has started the Series 2024 Project and financed the Project through bond anticipation notes issued to DNRC which will be paid in full on the Closing Date from Series 2024 Bond proceeds and will cause the Series 2024 Project to be completed as promptly as practicable with all reasonable dispatch, except only as completion may be delayed by a cause or event not reasonably within the control of the Borrower; it is estimated by the Borrower that the Series 2024 Project will be substantially completed by the Estimated Completion Date.

(g) The useful life of the Project is not less than the term of the Series 2024 Bonds.

Section 3.4 Completion or Cancellation or Reduction of Costs of the Series 2024 Project.

(a) Upon completion of the Series 2024 Project, the Borrower shall deliver to the DNRC a certificate stating that the Series 2024 Project is complete and stating the amount, if any, of the Undisbursed Committed Amount. If Appendix A describes two or more separate projects as making up the Series 2024 Project, a separate completion certificate shall be delivered for each.

(b) If all or any portion of the Series 2024 Project is cancelled or cut back or its costs are reduced or for any other reason the Borrower will not require the full Committed Amount, the Borrower shall promptly notify the DNRC in writing of such fact and the amount of the Undisbursed Committed Amount.

(c) If there is any Undisbursed Committed Amount, the DNRC reserves the right to reallocate the amount equal to the Committed Amount as reduced by the Undisbursed Committed Amount between the 2024A Loan and the 2024B Loan.

ARTICLE IV

THE 2024 Loans

Section 4.1 The 2024 Loans; Disbursement of 2024 Loans.

(a) The DNRC has agreed to lend to the Borrower, from time to time as the requirements of this Section 4.1 are met, an amount up to (i) $617,000 (the "2024A Committed Amount") and (ii) $213,000 (the "2024B Committed Amount") for the purposes of financing or reimbursing the Borrower for a portion of the costs of the Series 2024 Project; provided the DNRC shall not be required to loan any proceeds of the State Bonds to the Borrower after the Estimated Completion Date. The Committed Amount may be reduced as provided in Section 3.2 and Section 3.4 of this Resolution and subject to the operation of Section 5.6.

(b) The DNRC intends to disburse the 2024 Loans through the Trustee. In consideration of the issuance of the Series 2024 Bonds by the Borrower, the DNRC shall make, or cause the Trustee to make, a disbursement of all or a portion of the 2024 Loans upon receipt of the following documents:

(1) an Opinion of Bond Counsel as to the Series 2024A Bond and an Opinion of Bond Counsel as to the validity and enforceability of the Series 2024B Bond and the security therefor and stating in effect that interest on the Series 2024B Bond is not includable in gross income of the owner thereof for purposes of federal income taxation, in form and substance satisfactory to the DNRC;

(2) the Series 2024A Bond and the Series 2024B Bond, fully executed and authenticated;

(3) a certified copy of this Resolution;

(4) any other security instruments or documents required by the DNRC or DEQ as a condition to their approval of the 2024 Loans;

(5) if all or part of a 2024 Loan is being made to refinance a Project or reimburse the Borrower for the costs of a Project paid prior to the Closing, evidence, satisfactory to the DNRC and the Bond Counsel referred to in (1) above, (A) that the acquisition or construction of the Project was begun no earlier than June 1, 1993 or the debt was incurred no earlier than June 1, 1993, (B) of the Borrower's title to the Project, (C) of the costs of such Project and that such costs have been paid by the Borrower and (D) if such costs were paid before adoption of this Resolution that the Borrower has complied with Section 1.150-2 of the Regulations;

(6) the items required by the Indenture for the portion of the 2024 Loans to be disbursed at Closing; and

(7) such other certificates, documents and other information as the DNRC, the DEQ or the Bond Counsel giving the opinion referred to in subparagraph (1) may require (including any necessary arbitrage rebate instructions).

(c) In order to obtain a disbursement of the 2024 Loans to pay costs of the Project, the Borrower shall submit to the DNRC and the Trustee a signed request for disbursement on the form prescribed by the DNRC, with all costs which have been legally incurred and are due and payable. All Loan disbursements will be made to the Borrower only upon proof that cost was legally incurred. The disbursements of the 2024 Loans will be requested by the Borrower in the form required by the DNRC so that it is received by the DNRC by the date that is no later than ten Business Days prior to the date desired by the Borrower for the closing of the Series 2024 Bonds.

(d) Provided that the 20__ EPA Capitalization Grants are available to the Program, from and after the 2024B First Advance, the 2024 Loans shall be disbursed, subject to the other terms and conditions of this Resolution, in the following order:

(1) First, at the Closing, the 2024B First Advance will be advanced from the 2024B Loan.

(2) Second, after the 2024B First Advance has been disbursed to the Borrower, the entire amount of the 2024A Loan may then be disbursed to the Borrower as and when needed. For the avoidance of doubt, any amounts of the 2024 Loans to be disbursed at Closing in excess of the 2024B First Advance will be disbursed as proceeds of the 2024A Loan to the extent of the 2024A Committed Amount.

(3) Third, after the entire principal amount of the 2024A Loan has been disbursed to the Borrower, the remaining amount of the 2024B Loan will be disbursed to the Borrower as and when needed.

(e) The Borrower shall submit the request for the 2024B First Advance in the form required by the DNRC so that it is received by the DNRC in sufficient time for the DNRC to process the information by the date desired by the Borrower for the making of the 2024B First Advance. The Borrower shall not be entitled to, and the DNRC shall have no obligation to make, the 2024B First Advance or any subsequent advance of amounts under the 2024B Loan until such time as the Borrower shall have set aside and funded the Reserve Account in an amount then required to satisfy the Reserve Requirement.

(f) If all or a portion of the 2024 Loans is made to reimburse a Borrower for Series 2024 Project costs paid by it prior to Closing, the Borrower shall present at Closing the items required by Section 4.1(b) of this Resolution relating to such costs. The Trustee shall disburse such amounts to the Borrower pursuant to a disbursement schedule complying with the requirements of the Safe Drinking Water Act established by the DNRC and the Borrower at the Closing.

(g) Notwithstanding anything else provided herein, the Trustee shall not be obligated to disburse the 2024 Loans any faster or to any greater extent than it has available the 20__ EPA Capitalization Grant, Bond proceeds and other amounts available therefor in the Revolving Fund. The DNRC shall not be required to do "overmatching" pursuant to Section 5.04(b) of the Indenture, but may do so in its discretion. The Borrower acknowledges that if Project costs are incurred faster than the Borrower projected at Closing, there may be delays in making 2024 Loans disbursements for such costs because of the schedule under which EPA makes the 20__ EPA Capitalization Grant money available to the DNRC. The DNRC will use its best efforts to obtain an acceleration of such schedule if necessary.

(h) Upon making each 2024A Loan disbursement and 2024B Loan disbursement, the Trustee shall note such disbursement on Schedule A to the Series 2024A Bond and Series 2024B Bond, respectively. A Schedule A reflecting the amount of the 2024B First Advance will first be attached to the Series 2024B Bond at Closing.

(i) The Borrower agrees that it will deposit in the Reserve Account upon receipt thereof, on the date of the 2024B First Advance and any subsequent disbursement dates, any proceeds of the 2024B Loan borrowed for the purpose of increasing the balance in the Reserve Account to the Reserve Requirement. The Borrower further acknowledges and agrees that any portions of the 2024 Loans representing capitalized interest shall be advanced only on Payment Dates and shall be transferred by the Trustee on the Payment Date directly to the Revenue Bond Account. The amount of any such transfer shall be a credit against the interest payments due on the Series 2024 Bonds and interest thereon shall accrue only from the date of transfer.

(j) Compliance by the Borrower with its representations, covenants and agreements contained in this Resolution and the Collateral Documents shall be a further condition precedent to the disbursement of the 2024 Loans in whole or in part. The DNRC and the Trustee, in their sole and absolute discretion, may make one or more disbursements, in whole or in part, notwithstanding such noncompliance, and without liability to make any subsequent disbursement of the 2024 Loans.

Section 4.2 Commencement of 2024 Loan Term. The Borrower's obligations under this Resolution and the Collateral Documents shall commence on the date hereof unless otherwise provided in this Resolution. However, the obligation to make payments under Article V hereof shall commence only upon the first disbursement by the Trustee of the 2024B Loan proceeds.

Section 4.3 Termination of 2024 Loan Term. The Borrower's obligations under this Resolution and the Collateral Documents in respect of the Series 2024 Bonds shall terminate upon payment in full of all amounts due under the Series 2024 Bonds and this Resolution; provided, however, that the covenants and obligations provided in Article VII and Section 12.3 of this Resolution shall survive the termination of this Resolution.

Section 4.4 2024 Loan Closing Submissions. On or prior to the Closing, the Borrower will have delivered to the DNRC and the Trustee the closing submissions required by Section 7.05 of the Indenture.

ARTICLE V

REPAYMENT OF 2024 Loans

Section 5.1 Repayment of 2024 Loans. The Borrower shall repay the amounts lent to it pursuant to Section 4.1 hereof in accordance with this Section 5.1.

5.1.1. Interest and Surcharges. Until a Determination Statement is delivered by the DNRC to the Borrower and so long as the Borrower's obligation to repay the principal of the 2024A Loan is forgiven as provided in Section 5.1.2 below, amounts disbursed by the DNRC under Section 4.1 hereof that are evidenced by (i) the Series 2024A Bond bear interest at the rate of zero percent (0.00%) per annum from the date of each advance; and (ii) the Series 2024B Bond bear interest at the rate of two percent (2.00%) per annum on the unpaid balance plus a Loan Loss Reserve and an Administrative Expense Surcharge on the outstanding principal amount of the Series 2024B Bond at the rate of twenty-five hundredths of one-percent (0.25%) and twenty-five hundredths of one percent (0.25%) respectively, per annum; provided, however, if the DNRC delivers to the Borrower a Noncompliance Statement, then all principal of the Series 2024A Bond advanced by the DNRC shall be payable and amounts disbursed by the DNRC under Section 4.1 hereof that are evidenced by the Series 2024A Bond shall bear interest at the rate of two percent (2.00%) per annum and in addition the Borrower shall pay the Administrative Expense Surcharge and the Loan Loss Reserve from the date of each advance under the Series 2024A Bond. If the obligation of the Borrower to repay the principal amount of the 2024A Loan is not forgiven under Section 5.1.2 below, for purposes of this Resolution and the Program, with respect to the 2024A Loan, the term "interest on the 2024A Loan" when not used in conjunction with a reference to any surcharges, shall include the Administrative Expense Surcharge and the Loan Loss Reserve. The Borrower shall pay all Loan Repayments and surcharges in lawful money of the United States of America to the DNRC. Interest, Administrative Expense Surcharge, and Loan Loss Reserve shall be calculated on the basis of a year of 360 days comprising 12 months of 30 days each.

5.1.2. Repayment of 2024A Loan; Principal Forgiveness.

(a) The Borrower is obligated to repay the principal of and interest and Administrative Expense Surcharge and Loan Loss Reserve on the 2024A Loan, unless the DNRC forgives the Borrower's obligation to repay the principal of the 2024A Loan as provided in Section 5.1.2(b). Subject to the provisions of Section 5.1.2(b), the Loan Repayments and the Administrative Expense Surcharge and Loan Loss Reserve on the 2024A Loan shall be due on each Payment Date, as follows:

(1) interest and the Administrative Expense Surcharge and the Loan Loss Reserve on the outstanding principal balance of the 2024A Loan shall be payable from and after the date of each advance of principal of the 2024A Loan on each Payment Date at the rate of 2.50% per annum, beginning on the first Payment Date following the date of delivery by the DNRC of a Noncompliance Statement and concluding on July 1, 2054; and

(2) the principal of the 2024A Loan shall be repayable on each Payment Date, beginning on the Payment Date that is the first to occur following delivery by the DNRC of a Noncompliance Statement, and concluding on July 1, 2055, and the amount of each principal payment shall be calculated on the basis of a substantially level debt service at the rate of 2.50% per annum; provided that principal of the 2024A Loan is payable only in amounts that are multiples of $1,000.

(b) Notwithstanding Section 5.1.2(a), so long as the Borrower is proceeding diligently to completion of the Series 2024 Project through the final advance of principal of the 2024B Loan and the Borrower has executed and delivered the DNRC Compliance Certificate and Request to the DNRC in form and substance satisfactory to the DNRC and the DEQ within thirty (30) days after the date that the DNRC Compliance Certificate and Request is provided to the Borrower by the DNRC, the DNRC will, following review and approval of the DNRC Compliance Certificate and Request, deliver to the Borrower a Forgiveness Statement and the Borrower will thereafter have no obligation to repay amounts advanced under the Series 2024A Bond or interest or surcharges thereon and the Series 2024A Bond will be marked "CANCELLED" and returned by the DNRC to the Borrower. However, in the event the Borrower fails to deliver timely the DNRC Compliance Certificate and Request, or the Borrower cannot submit the DNRC Compliance Certificate and Request because it cannot make the certifications required therein, or the DNRC Compliance Certificate and Request is delivered in a form that deviates materially from that attached hereto as Appendix D as determined in the sole and complete discretion of the DNRC or the DEQ, or the DNRC or the DEQ determine at any time that the Series 2024 Project or any portion thereof or of the work relating thereto fails to comply with Program requirements, then the DNRC will deliver to the Borrower a Noncompliance Statement. Upon delivery of a DNRC Noncompliance Statement by the DNRC to the Borrower, all principal advanced or to be advanced under the Series 2024A Bond, together with interest, Administrative Expense Surcharge, and Loan Loss Reserve thereon from the date of each advance, shall be payable as provided in Section 5.1.2 (a). Notwithstanding Section 5.1.2(a), until the delivery by the DNRC to the Borrower of a Determination Statement, the obligation of the Borrower to repay the principal advanced under Series 2024A Bond shall be deferred until the Payment Date first occurring after delivery of a Determination Statement and, until such time, interest on amounts advanced under the Series 2024A Bond will be deemed to be at the rate of zero percent (0.00%) per annum.

(c) In addition, in the event the DNRC delivers a DNRC Noncompliance Statement (i) the Series 2024A Bond will continue in effect as a Subordinate Obligation, and (ii) the Borrower will forthwith comply with the rate covenant set forth in Section 6.7 of this Resolution, and, if necessary, increase the rates and charges of the System to satisfy such rate covenant as soon as practicable and in any event no later than three (3) months after the date of delivery to the Borrower by the DNRC of a Noncompliance Statement.

5.1.3. Repayment of 2024B Loan. The Loan Repayments on the 2024B Loan from and after the 2024B First Advance and all subsequent advances of the 2024B Loan are as follows:

(1) interest on the outstanding principal balance of the 2024B Loan shall be payable on each Payment Date, beginning on January 1, 2025 and concluding on July 1, 2054 at the rate of 2.00% per annum;

(2) the Borrower shall also pay on each Payment Date, beginning January 1, 2025, the Administrative Expense Surcharge of twenty-five hundredths of one-percent

(0.25%) per annum and the Loan Loss Reserve of twenty-five hundredths of one percent (0.25%) per annum; and

(3) the principal of the 2024B Loan shall be repayable on each Payment Date, beginning on January 1, 2025 and concluding on July 1, 2054, and the amount of each principal payment shall be calculated on the basis of substantially level debt service at an interest rate of 2.50% per annum; provided that principal of the 2024B Loan is payable only in amounts that are multiples of $1,000.

5.1.4. Details Regarding 2024 Loan Repayments. Loan Repayments and the Administrative Expense Surcharge and the Loan Loss Reserve on the Series 2024B Loan and, if applicable, on the 2024A Loan, shall be due on the dates specified above and on the dates and in the amounts shown in Schedule B to each of the Series 2024B Bond and, if applicable, the Series 2024A Bond, as such Schedule B shall be modified from time to time as provided in Sections 5.1.2 and 5.1.3 and below. Schedule B will first be attached to the Series 2024A Bond and the Series 2024B Bond at Closing. The portion of each such Loan Repayment consisting of principal and the portion consisting of interest and the amount of each Administrative Expense Surcharge and the amount of each Loan Loss Reserve shall be set forth on Schedule B to the Series 2024B Bond and the portion of each Loan Repayment consisting of principal and the portion consisting of interest and the amount of each Administrative Expense Surcharge and the amount of each Loan Loss Reserve shall be set forth in Schedule B to the Series 2024A Bond (if appropriate). Upon each disbursement of 2024 Loan amounts to the Borrower pursuant to Section 4.1 hereof, the Trustee shall enter or cause to be entered the amount advanced on Schedule A to the applicable Series 2024A Bond and the Series 2024B Bond under "Advances" and the total amount advanced under Section 4.1, including such disbursement, under "Total Amount Advanced."

Interest, Administrative Expense Surcharge and Loan Loss Reserve in respect of the Series 2024B Bond on such advance shall accrue from the date the advance is made at the rate of 2.50% per annum and shall be payable on each Payment Date thereafter. If the DNRC shall have delivered a DNRC Noncompliance Statement, then the Schedule B to the Series 2024A Bond shall reflect interest and surcharges on amounts advanced under the Series 2024A Bond at 2.50% per annum, as may be revised to reflect the full principal amount advanced under the Series 2024A Bond, the initial Payment Date, and the periodic total loan payment, and the Trustee shall send a copy of such schedules to the Borrower within one month after delivery by the DNRC of the DNRC Noncompliance Statement. If the DNRC delivers a DNRC Forgiveness Statement, Schedule B to the Series 2024A Bond will be disregarded and of no effect.

Past-due Loan Repayments and the Administrative Expense Surcharge and the Loan Loss Reserve shall bear interest at the rate of ten percent (10.00%) per annum, until paid.

Any payment of principal and interest as to the Series 2024B Bond and, if applicable, the Series 2024A Bond, and the Administrative Expense Surcharge and the Loan Loss Reserve as to the Series 2024A Bond and the Series 2024B Bond, if applicable, under this Section 5.1 shall be credited against the same payment obligation under each of the Series 2024B Bond and, if applicable, the Series 2024A Bond.

Section 5.2 Additional Payments. The Borrower shall also pay, within 30 days after receipt of a bill therefor, from any legally available funds therefor, including proceeds of the 2024 Loans, if the Borrower so chooses, all reasonable expenses of the DNRC and the Trustee in connection with the 2024 Loans, the Collateral Documents and the Series 2024 Bonds, including, but not limited to:

(a) the cost of reproducing this Resolution, the Collateral Documents and the Series 2024 Bonds;

(b) the fees and disbursements of bond counsel and other Counsel utilized by the DNRC and the Trustee in connection with the 2024 Loans, the Resolution, the Collateral Documents and the Series 2024 Bonds and the enforcement thereof; and

(c) all taxes and other governmental charges in connection with the execution and delivery of the Collateral Documents or the Series 2024 Bonds, whether or not the Series 2024 Bonds are then outstanding, including all recording and filing fees relating to the Collateral Documents and the pledge of the State's right, title and interest in and to the Series 2024 Bonds, the Collateral Documents and the Resolution (and with the exceptions noted therein) and all expenses, including attorneys' fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the provisions hereof or thereof.

Section 5.3 Prepayments. The Borrower may not prepay all or any part of the outstanding principal amount of the Series 2024B Bond and, if applicable, the Series 2024A Bond, unless (i) a Determination Statement has been delivered, (ii) it obtains the prior written consent of the DNRC thereto, and (iii) no Loan Repayment or Administrative Expense Surcharge or Loan Loss Reserve is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest and, if applicable, Administrative Expense Surcharge and Loan Loss Reserve to the date of prepayment on the amount of principal prepaid. If the Series 2024 Bonds are prepaid in part pursuant to this Section 5.3, such prepayments shall be applied to principal payments in inverse order of maturity.

Section 5.4 Obligations of Borrower Unconditional. The obligations of the Borrower to make the payments required by the Resolution and the Series 2024 Bonds and to perform its other agreements contained in the Resolution, the Series 2024 Bonds and Collateral Documents shall be absolute and unconditional, except as otherwise provided herein or in such documents. The Borrower (a) shall not suspend or discontinue any payments provided for in the Resolution and the Series 2024 Bonds, (b) shall perform all its other agreements in the Resolution, the Series 2024 Bonds and the Collateral Documents and (c) shall not terminate the Resolution, the Series 2024 Bonds or the Collateral Documents for any cause, including any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Series 2024 Project or the System, commercial frustration of purpose, any dispute with the DNRC or the EPA, any change in the laws of the United States or of the State or any political subdivision of either or any failure of the DNRC to perform any of its agreements, whether express or implied, or any duty, liability or obligation arising from or connected with the Resolution.

Section 5.5 Limited Liability. All payments of principal of and interest on the 2024 Loans and other payment obligations of the Borrower hereunder and under the Series 2024 Bonds shall be special, limited obligations of the Borrower payable, with respect to the Series 2024B Bond, solely out of the Net Revenues and, with respect to the Series 2024A Bond, solely out of Surplus Net Revenues and shall not, except at the option of the Borrower and as permitted by law, be payable out of any other revenues of the Borrower. The obligations of the Borrower under the Resolution and the Series 2024 Bonds shall never constitute an indebtedness of the Borrower within the meaning of any state constitutional provision or statutory or charter limitation and shall never constitute or give rise to a pecuniary liability of the Borrower or a charge against its general credit or taxing power. The taxing powers of the Borrower may not be used to pay principal of or interest on the Series 2024 Bonds, and no funds or property of the Borrower other

than the Net Revenues or Surplus Net Revenues, as applicable, may be required to be used to pay principal of or interest on the Series 2024 Bonds.

Section 5.6 Reallocation of 2024 Loans. The Borrower understands that the principal amounts of the 2024 Loans have been sized based on the understanding and expectation that the Series 2024 Project costs at least $830,000 and that the Borrower will request disbursement of the full amount of the 2024A Loan and the 2024B Loan. Notwithstanding any provision to the contrary herein, the Borrower acknowledges and agrees that in the event there is any Undisbursed Committed Amount, then the DNRC reserves the right in its sole and complete discretion to reallocate loan amounts as between the 2024A and B Loans on the basis of the amounts of the 2024A and B Loans that the Borrower would have been entitled to had the 2024 Loans initially equaled the Committed Amount less the Undisbursed Committed Amount. The reallocation between the 2024A and B Loans will reflect the same proportions of the 2024 Loans originally allocated to the 2024A and B Loans. Upon making such reallocation, the DNRC shall deliver to the Borrower a replacement Series 2024A and B Bond reflecting adjusted principal amounts, which bonds shall supersede and render of no effect the original bonds and be payable on the same dates as described in the original bonds, but in an adjusted amount owing on each Payment Date because of the reallocation of principal amounts. The Borrower shall execute and deliver the replacement Series 2024A and B Bonds to the DNRC within thirty (30) days after delivery of such bonds to the Borrower by the DNRC. Contemporaneous with the delivery of the replacement Series 2024A and B Bonds to the DNRC by the Borrower, the Borrower shall determine whether the Net Revenues of the System total at least 110% of the maximum principal of and interest payable on the Series 2024 Bonds outstanding in any Fiscal Year, and, if they do not, the Borrower shall increase its rates and charges to satisfy the rate covenant set forth in Section 6.7 below, within three (3) months after the date of delivery of the replacement Series 2024A and B Bonds to the DNRC by the Borrower.

ARTICLE VI

OTHER AGREEMENTS OF BORROWER

Section 6.1 Maintenance of System: Liens. The Borrower makes the same commitments as to maintenance and liens with respect to the Series 2024 Bonds and the Series 2024 Project as made in Section 6.1 of Resolution No. 466 with respect to the Project defined therein.

Section 6.2 Maintenance of Existence: Merger. Consolidation. Etc.: Disposition of Assets. The Borrower makes the same commitments with regard to maintenance of its existence, merger, consolidation or disposition of assets as made in Section 6.2 of Resolution No. 466.

Section 6.3 Covenants Relating to the Tax-Exempt Status of the State Bonds.

(a) The Borrower covenants and agrees that it will not use or permit to be used any of the proceeds of the Series 2024 Bonds or any other funds of the Borrower with respect to the Series 2024 Project, directly or indirectly, in a manner that would cause, or take any other action that would cause, any State Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code or would otherwise cause the interest on the State Bonds to be included in gross income for purposes of federal income taxation.

(b) The Borrower agrees that it will not enter into, or allow any "related person" (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the State Bonds or any other obligations of the DNRC in an amount related to the amount of the 2024 Loans or the portion of the 2024 Loans derived directly or indirectly from proceeds of the State Bonds or that would otherwise cause any State Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code.

(c) The Borrower shall not use or permit the use of the System directly or indirectly in any trade or business carried on by any Person who is not a Governmental Unit. For the purpose of this subparagraph, use as a member of the general public shall not be taken into account and any activity carried on by a Person other than a natural person shall be treated as a trade or business.

(d) Any portion of the Series 2024 Project being refinanced or the cost of which is being reimbursed was acquired by and is now and shall, during the term of the 2024 Loans, be owned by the Borrower and not by any other Person. Any portion of the Series 2024 Project being financed shall be acquired by and shall, during the term of the 2024 Loans, be owned by the Borrower and not by any other Person. Notwithstanding the previous two sentences, the Borrower may transfer the System or a portion thereof to another Governmental Unit which is also a Public Entity if such transfer is otherwise permitted hereunder and if such organization agrees with the DNRC to comply with Sections 2.2(h), 2.2(i) and 6.3 hereof and if the DNRC receives an Opinion of Bond Counsel to the effect that such transfer will not violate the Act or the Safe Drinking Water Act or adversely affect the exclusion of interest on the State Bonds from gross income or purposes of federal income taxation. In addition, except as otherwise provided herein, the Borrower may sell or otherwise dispose of any portion of the Project which has become obsolete or outmoded or is being replaced or for other reasons is not needed by the Borrower or beneficial to the general public or necessary to carry out the purposes of the Safe Drinking Water Act.

(e) At the Closing of the 2024 Loans the DNRC will, if necessary to obtain the Opinion of Bond Counsel described in Section 7.05(a) of the Indenture, deliver to the Borrower instructions concerning compliance by the Borrower with the arbitrage rebate requirements of Section 148 of the Code (the "Arbitrage Rebate Instructions"). The Borrower shall comply with the Arbitrage Rebate Instructions, if any, delivered to it by the DNRC at Closing, as such Instructions may be amended or replaced by the DNRC from time to time. The Arbitrage Rebate Instructions may be amended or replaced by new Arbitrage Rebate Instructions delivered by the DNRC and accompanied by an Opinion of Bond Counsel to the effect that the use of said amended or new Arbitrage Rebate Instructions will not adversely affect the excludability of interest on the State Bonds or any Additional State Bonds (except Additional State Bonds the interest on which the State did not intend to be excluded from gross income for federal income tax purposes) from gross income of the recipients thereof for federal income tax purposes.

(f) The Borrower agrees that during the term of the 2024 Loans it will not contract with or permit any Private Person to manage the Project or any portion thereof except according to a written management contract and upon delivery to the DNRC of an opinion of Bond Counsel to the effect that the execution and delivery of such management contract will not violate the Act or the Safe Drinking Water Act or adversely affect the exclusion of interest on the State Bonds from gross income or purposes of federal income taxation.

(g) The Borrower may not lease the System or any portion thereof to any Person other than a Nonexempt Person which agrees in writing with the Borrower and the State not to cause any Default to occur under this Resolution, provided the Borrower may lease all or any portion of the System to a Nonexempt Person pursuant to a lease which in the Opinion of Bond Counsel delivered to the DNRC will not cause the interest on the State Bonds to be included in gross income for purposes of federal income taxation.

(h) The Borrower shall not change the use or nature of the System if (i) such change will violate the Safe Drinking Water Act, or (ii) so long as the State Bonds are outstanding unless, in the Opinion of Bond Counsel delivered to the DNRC, such change will not result in the inclusion in gross income of interest on the State Bonds for federal income tax purposes.

Section 6.4 Competing Service. The Borrower will not establish or authorize the establishment of any other system for the public supply of service or services in competition with any or all of the services supplied by the facilities of the System.

Section 6.5 Billing. The charges for water 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 water service to the premises involved shall be discontinued and shall not be resumed until payment of all past due bills for water service and compliance with all such rules and regulations. The Borrower shall take appropriate legal action to collect the unpaid charges, including, to the extent now or hereafter authorized by law, making the charge a lien against the real property served by the water connection for which the charge remains unpaid and causing charges with respect to such properties to be collected in the same manner as taxes levied against property within the Borrower.

Section 6.6 Remedies. The DNRC, so long as it owns the Series 2024 Bonds, or the owners of not less than 25% in principal amount of the outstanding Bonds issued and secured under the provisions of this Resolution shall have the right, either at law or in equity, through suit, action or other proceedings, to protect and enforce the rights of all owners of such Bonds and to compel the performance of any and all of the covenants required herein to be performed by the Borrower, and its officers and employees, including but not limited to the fixing and maintaining of rates, fees and charges and the collection and proper segregation of gross revenues and the application and use thereof. The owners of a majority in principal amount of such outstanding Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Bondowners 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, premium, or interest on any Bond when due. However, nothing herein shall impair the absolute and unconditional right of the owner of each such Bond to receive payment of the principal of, premium, if any, and interest on such Bond as such principal and interest respectively become payable, 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 Borrower with power to charge and collect rates, fees and charges sufficient to provide for the payment of any Bonds or obligations outstanding against the System, and to apply the gross revenues in conformity with this Resolution and the laws of the State.

Section 6.7 Rate Covenant. While any Bonds are outstanding and unpaid, the rates, charges and rentals for all services and facilities furnished and made available by the System to the Borrower and its inhabitants, and to all customers within or without the boundaries of the Borrower, shall be reasonable and just, taking into consideration the cost and value of the System and the cost of maintaining and operating them, and the amounts necessary for the payment of all Bonds and the interest accruing thereon, and the proper and necessary allowances for the Reserve Account and depreciation of the System, and no free service shall be provided to any person or corporation. In accordance with DNRC's Program requirements, as provided in Montana Code Administrative Rule 36.23.111(1)(c), the Borrower covenants that the rates, charges and rentals to be charged to all recipients of water services shall be maintained and shall be revised, whenever and as often as may be necessary, according to schedules such that the revenues for each fiscal year will be at least sufficient to pay the current expenses of operation and maintenance as herein defined, to maintain the Operating Reserve herein established, to maintain the Reserve Requirement as defined herein, to pay the principal and interest on any Subordinate Obligations, to provide reserves for the replacement and depreciation of the System and to produce Net Revenues during each fiscal year commencing with the fiscal year ending June 30, 2024, not less than 110% of the maximum annual principal and interest payable on any outstanding Revenue Bonds in the current or any future fiscal year and to produce Surplus Net Revenues during each fiscal year commencing with the fiscal year in which the DNRC delivers a DNRC Noncompliance Statement in an amount at least sufficient to pay the principal of and interest on the Series 2024A Bond as and when due.

For purposes of construing the foregoing sentence, principal of and interest on the Series 2024A Bond shall initially be disregarded. However, in the event the Borrower's obligation to repay the principal of the Series 2024A Bond is not forgiven as described in Section 5.1.2 of this Resolution, the Borrower shall forthwith, and, in any event, within three months after the date of delivery by the DNRC to the Borrower of an DNRC Noncompliance Statement, cause the rates, charges and rentals to be charged to all recipients of water services to be maintained and to be revised whenever and as often as may be necessary, according to schedules such that (i) Revenues for each Fiscal Year will be at least sufficient to pay the principal of and interest on all Bonds payable from the Revenues derived in such Fiscal Year, to establish and maintain the Reserve Requirement, to pay promptly the reasonable and current Operating Expenses, to pay the principal of and interest on any Subordinate Obligations (including, without limitation, all Outstanding principal of the Series 2024A Bond with interest thereon at 2.50% per annum) and to provide reserves for the repair and replacement of the System, and (ii) Net Revenues for each Fiscal Year commencing after June 30, 2024 will be equal to at least 110% of the maximum Principal and Interest of Revenue Bonds for all future Fiscal Years during which any Revenue Bonds will be outstanding. The establishment of the percentage of Net Revenues and the provision of adequate Net Revenues to pay Subordinate Obligations contained above in this paragraph have been deemed necessary in order to sell the Bonds and Subordinate Obligations upon terms most advantageous to the Borrower.

If at the close of any fiscal year the Net Revenues actually received during such year have been less than required hereby, the Borrower will forthwith prepare a schedule of altered rates, charges and rentals which are just and equitable and sufficient to produce Net Revenues and Surplus Net Revenues in such amount, and will do all things necessary to the end that such schedule will be placed in operation at the earliest possible date.

The Series 2024A Bond is a Subordinate Lien Taxable Obligation payable from Surplus Net Revenues as described in Section 10.3 of this Resolution. Any Revenues or Net Revenues segregated to pay such Subordinate Obligations in the Fund are subject to the prior appropriation thereof to the

Operating Account, the Revenue Bond Account or the Reserve Account if necessary to meet the requirements thereof.

The establishment of the above ratio of Net Revenues available for the Revenue Bond Account and the provision for adequate Surplus Net Revenues in the event the Borrower's obligation to repay the principal of the Series 2024A Bond is not forgiven are deemed necessary for the DNRC to make the 2024 Loans to the Borrower upon terms most advantageous. The excess of the Net Revenues over the annual principal and interest and Reserve Requirements of the Series 2024 Bonds may be used as authorized in Section 11.6 and 11.7 of this Resolution. The Series 2024 Bonds may be prepaid according to their terms on any date, and in the estimation of the governing body of the Borrower any excess, prior to that date, of Net Revenues over principal and interest payments actually due and the balance required to be maintained in the Reserve Account, will be needed to pay or to provide reserves for payment of replacements, renewals and improvement costs, in order to provide adequate service for the present population and the increase thereof reasonably to be expected; and after that date, any excess not required for such purposes in the judgment of the governing body of the Borrower may be used to prepay the Series 2024A Bond and thereby reduce the interest cost thereon to the Borrower and to the persons served by the System.

Section 6.8 Appointment of Superintendent. In the event of default on the part of the Borrower in the payment of principal of or interest on any Bond promptly as each falls due, or in the keeping of any covenants herein contained, and if such default shall continue for a period of 60 days, the governing body of the Borrower will appoint a special superintendent for the System, with the power and responsibility to operate the System for the Borrower, and to recommend to the governing body of the Borrower such revisions of the rates and charges and operating policies as may be necessary to comply with this Resolution, and to assure that the Net Revenues will be sufficient to pay all principal of and interest on Bonds, and he shall in all things so operate the System as to comply fully with all the requirements and provisions of this Resolution. The right of the owners of the Bonds to require employment of such a superintendent shall not be exclusive, and in the event of default as herein outlined, such owner or owners shall have the right to proceed at law or in equity, in any form of action which shall to them seem appropriate.

ARTICLE VII

INDEMNIFICATION OF DNRC AND DEQ

The Borrower shall, to the full extent permitted by law, indemnify and save harmless the DNRC and the DEQ and their officers, employees and agents (each an "Indemnified Party" or, collectively, the "Indemnified Parties") against and from any and all claims, damages, demands, expenses, liabilities and losses of every kind asserted by or on behalf of any Person arising out of the acts or omissions of the Borrower or its employees, officers, agents, contractors, subcontractors, or consultants in connection with or with regard or in any way relating to the condition, use, possession, conduct, management, planning, design, acquisition, construction, installation or financing of the Series 2024 Project. The Borrower shall also, to the full extent permitted by law, indemnify and save harmless the Indemnified Parties against and from all costs, reasonable attorneys' fees, expenses and liabilities incurred in any action or proceeding brought by reason of any such claim or demand. If any proceeding is brought against an Indemnified Party by reason of such claim or demand, the Borrower shall, upon notice from an Indemnified Party, defend such proceeding on behalf of the Indemnified Party.

ARTICLE VIII

ASSIGNMENT

Section 8.1 Assignment by Borrower. The Borrower may not assign its rights and obligations under the Resolution or the Series 2024 Bonds.

Section 8.2 Assignment by DNRC. The DNRC will pledge its rights under and interest in the Resolution, the Series 2024 Bonds and the Collateral Documents (except to the extent otherwise provided in the Indenture) as security for the payment of the State Bonds and may further assign such interests to the extent permitted by the Indenture, without the consent of the Borrower.

Section 8.3 State Refunding Bonds. In the event the State Bonds and Additional State Bonds are refunded by bonds which are not Additional State Bonds, all references in the Resolution to State Bonds and Additional State Bonds shall be deemed to refer to the refunding bonds and any bonds of the State on a parity with such refunding bonds (together, the "Refunding Bonds") or, in the case of a crossover refunding, to the State Bonds and Additional State Bonds and the Refunding Bonds. In the event the State Bonds are refunded by an issue of Additional State Bonds, all references in the Resolution to the State Bonds shall be deemed to refer to such Additional State Bonds or, in the case of a crossover refunding, both the State Bonds and such Additional State Bonds.

ARTICLE IX

THE Series 2024 Bonds

Section 9.1 Authorization. Under the provisions of the Enabling Act, the Borrower is authorized to issue and sell its revenue bonds for the design, construction and financing of the Series 2024 Project with such Bonds payable during a term not exceeding 20 years.

Section 9.2 Outstanding Water Debt. The Borrower currently has its Series 2017 Refunding Bond, and Series 2017B Bond outstanding and which have a parity lien on the Net Revenues with the Series 2024B Bond. No other Bonds or indebtedness are outstanding that are payable from the Water Revenues of the System.

Section 9.3 Net Revenues Available. The Borrower is authorized to charge just and equitable rates, charges and rentals for all services directly or indirectly furnished by the System, and to pledge and appropriate to the Series 2024B Bond the Net Revenues (and, in respect of the Series 2024A Bond, if necessary, the Surplus Net Revenues) to be derived from the operation of the System, including improvements, betterments or extensions thereof hereafter constructed or acquired. The Borrower agrees to establish its rates and charges such that the Net Revenues available are sufficient to pay (after payment of the System Operation and Maintenance expenses and meeting the Reserve Requirement) 110% of the maximum principal of and interest on the outstanding Bonds issued under the Resolution in the current or any future fiscal year. The Net Revenues to be produced by such rates, charges and rentals during the term of the Series 2024 Bonds are expected to be more than sufficient to pay the principal and interest when due on the Series 2024B Bond and to create and maintain reasonable reserves therefor and to provide an adequate allowance for replacement and depreciation, as prescribed herein. For purposes of the foregoing statement, principal of and interest on the 2024A Loan is disregarded. The Borrower

acknowledges and agrees that if the DNRC delivers a Noncompliance Statement to the Borrower as provided in Section 5.1.2 as determined in the sole and complete discretion of the DNRC, then principal and interest and surcharges will become due and owing on the 2024A Loan evidenced by the Series 2024A Bond as provided in Section 5.1 and the Borrower shall thereupon, and no later than three (3) months after delivery of such a statement, to the extent required by Section 6.7 hereof, adjust its schedule of fees, rates, and charges applicable to the System to cause Net Revenues and Surplus Net Revenues to be produced in an amount at least equal to at least 110% of the maximum principal and interest payments payable on outstanding Bonds in the current or any future fiscal year.

Section 9.4 Issuance and Sale of the Series 2024 Bonds. The Council has investigated the facts necessary and hereby finds, determines and declares it to be necessary and desirable for the Borrower to issue the Series 2024 Bonds to evidence the 2024 Loans. The Series 2024 Bonds are issued to the DNRC without public sale pursuant to Montana Code Annotated, Section 7-7-4433(2)(a).

Section 9.5 Terms. The Series 2024A Bond and the Series 2024B Bond shall be in the maximum principal amount equal to the original 2024A Committed Amount and 2024B Committed Amount, respectively, shall each be issued as a single, fully registered bond numbered R-1, shall be dated as of the date of delivery to the DNRC, and shall bear interest at the rate charged by the DNRC on the 2024A Loan and 2024B Loan, respectively. The principal of and interest on the Series 2024B Bond, and, if applicable, the principal of and interest on the Series 2024A Bond and any Administrative Expense Surcharge and Loan Loss Reserve on the Series 2024A Bond and the Series 2024B Bond shall be payable on the same dates and in the same amounts on which Loan Repayments are payable. Advances of principal of the Series 2024A Bond or Series 2024B Bond shall be deemed made when advances of the 2024A Loan or 2024B Loan, respectively, are made under Section 4.1, and such advances shall be payable in accordance with Schedule B to the Series 2024B Bond and, if applicable, the Series 2024A Bond, as the case may be, as it may be revised by the DNRC from time to time in accordance with Section 5.1. The Series 2024A Bond is a Subordinate Obligation payable only from the Surplus Net Revenues.

The Borrower may prepay the Series 2024 Bonds, in whole or in part, only upon the terms and conditions under which it can prepay the 2024 Loans under Section 5.3.

Section 9.6 Negotiability, Transfer and Registration. The Series 2024 Bonds shall be fully registered as to both principal and interest, and shall be initially registered in the name of and payable to the DNRC. While so registered, principal of and interest on the Series 2024 Bonds shall be payable to the DNRC at the Office of the Department of Natural Resources and Conservation, 1539 Eleventh Avenue, Helena, Montana 59620-1601 or such other place as may be designated by the DNRC in writing and delivered to the Borrower. The Series 2024 Bonds shall be negotiable, subject to the provisions for registration and transfer contained in this Section. No transfer of the Series 2024 Bonds shall be valid unless and until (1) the holder, or his duly authorized attorney or legal representative, has executed the form of assignment appearing on the Series 2024 Bonds, and (2) the Town Clerk of the Borrower (or successors, the "Registrar"), as Bond Registrar, has duly noted the transfer on the Series 2024 Bonds and recorded the transfer on the registration books of the Registrar. The Registrar may, prior to noting and recording the transfer, require appropriate proof of the transferor's authority and the genuineness of the transferor's signature. The Borrower shall be entitled to deem and treat the Person in whose name the Series 2024 Bonds is registered as the absolute owner of the Series 2024 Bonds for all purposes, notwithstanding any notice to the contrary, and all payments to the registered holder shall be valid and effectual to satisfy and discharge the Borrower's liability upon such Bond to the extent of the sum or sums so paid.

Section 9.7 Execution and Delivery. The Series 2024 Bonds shall be executed on behalf of the Borrower by the manual signatures of the Mayor and Town Clerk. Any or all of such signatures may be affixed at or prior to the date of delivery of the Series 2024 Bonds. The Series 2024 Bonds shall be sealed with the corporate seal of the Borrower, if such seal exists. In the event that any of the officers who shall have signed the Series 2024 Bonds shall cease to be officers of the Borrower before the Series 2024 Bonds are issued or delivered, their signatures shall remain binding upon the Borrower. Conversely, the Series 2024 Bonds may be signed by an authorized official who did not hold such office on the date of adoption of this Resolution. The Series 2024 Bonds shall be delivered to the DNRC, or its attorney or legal representative.

Section 9.8 Form. The Series 2024A Bond shall be prepared in substantially the form attached as Appendix B-1 and the Series 2024B Bond shall be prepared in substantially the form attached as Appendix B-2.

Section 9.9 Acquisition and Construction Account. To the Acquisition and Construction Account shall be credited as received the portion of the proceeds of Series 2024 Bonds for costs of the Series 2024 Project and for costs of issuance of the Series 2024 Bonds and any other funds appropriated by the Borrower to the Acquisition and Construction Account for improvements to the System, and all income received from the investment of the Acquisition and Construction Account.

ARTICLE X

ADDITIONAL WATER DEBT

Section 10.1 Other Revenue Bonds. The Borrower reserves the right to issue Additional Bonds payable from the Revenue Bond Account of the Fund on a parity as to both principal and interest with the Series 2017 Refunding Revenue Bond and the Series 2024B Bond, if the Net Revenues of the System for the last complete fiscal year preceding the date of issuance of such Additional Bonds have equaled at least 110% of the maximum amount of principal and interest payable from said Revenue Bond Account in any subsequent fiscal year during the term of the outstanding Bonds, on all Bonds then outstanding and on the Additional Bonds proposed to be issued and payable from the Revenue Bond Account. 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 Borrower, 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 operation and maintenance cost plus any additional annual costs of operation and maintenance which the Consultant 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. In no event shall any Additional Bonds be issued and made payable from the Revenue Bond Account if the Borrower is then in default in any payment of principal of or interest on any outstanding Bonds payable therefrom or if there then exists any deficiency in the balances required by this Resolution to be maintained in any of the accounts of the Fund, which will not be cured or restored upon the issuance of the Additional Bonds. In connection with the issuance of a series of Additional Bonds, the Borrower shall cause the Reserve in the Revenue Bond Account to be increased, from the proceeds of the Additional Bonds or from surplus Net Revenues, to an amount equal to the

Reserve Requirement during the term of the outstanding Bonds or so much thereof as will not cause the Borrower to violate the provisions of Section 12.2 hereof.

Section 10.2 Subordinate Bonds. Nothing in this Resolution shall preclude the Borrower from issuing Subordinate Obligations which are expressly made a charge on only the Surplus Net Revenues of the System and subordinate to the pledge of Net Revenues to the Revenue Bond Account and Reserve Account; provided, however, no obligations may be issued pursuant to this Section 10.3 if a deficiency exists in the Revenue Bond Account or the Reserve Account which is not to be restored by the issuance of the Subordinate Obligations.

Section 10.3 Refunding Revenue Bonds. The Borrower reserves the right and privilege of refunding any or all of the Bonds subject to the following terms and conditions:

(a) Any matured Bonds may be refunded if moneys available for the payment thereof at maturity, within the limitation prescribed in Section 10.1, should at any time be insufficient to make such payment in full.

(b) Any Bonds may be refunded prior to maturity as and when they become prepayable according to their terms.

(c) Provision may be made for the payment and refunding of any unmatured Bonds by the deposit with a duly qualified depository bank, as escrow agent, of cash sufficient, or of securities of the kinds authorized by law, the payments of interest on and principal of which are sufficient, to pay the principal amount of and premium, if any, on such Bonds with interest to maturity or to any prior date or dates on which they are prepayable, and have been called for redemption or provision has been irrevocably made for their redemption, on such date or dates.

Any refunding revenue Bonds issued for the above purposes may be made payable from the net revenues on a parity as to interest with all then outstanding Bonds; provided that (1) if not all of the Bonds of a series are refunded, the maturity of each refunding revenue Bond shall be subsequent to the last maturity of any then outstanding Bonds of such series which are not refunded or to be refunded out of moneys on deposit with such escrow agent, and (2) no Bondowner shall be required to accept a refunding revenue Bond in exchange for any Bond owned by him.

ARTICLE XI

WATER SYSTEM FUND

Section 11.1 Bond Proceeds and Revenues Pledged and Appropriated. A special Water System Fund was created by Resolution No. 466 and will be maintained as a separate and special bookkeeping account on the official books of the Borrower until all Bonds (including the Series 2024A Bond, if applicable) and interest and redemption premiums due thereon have been fully paid, or the Borrower's obligations with reference to such Bonds has been discharged as provided in this Resolution. All proceeds of Series 2024 Bonds issued hereunder and all other funds presently on hand derived from the operation of the System are irrevocably pledged and appropriated to the Fund. In addition, there is hereby irrevocably pledged and appropriated to the Fund all gross revenues and receipts from rates, fees, charges and rentals imposed for connections with and for the availability, benefit and use of the System and from any sales of property acquired for the System and all income received from the investment of such gross revenues, including

investment of the Reserve established in the Revenue Bond Account and the Operating Reserve established in the Operating Account, levied for construction of any part of the System and 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. The Fund was subdivided into separate accounts as designated and described in Sections 11.2 through 11.7 of Resolution No. 466, to segregate income and expenses received, paid and accrued for the respective purposes described in those sections. The gross revenues received in this Fund shall be apportioned monthly, commencing as of the date of Closing.

Section 11.2 Acquisition and Construction Account. The Acquisition and Construction Account shall be used only to pay as incurred and allowed costs which under accepted accounting practice are capital costs of the Series 2024 Project and of such future reconstructions, improvements, betterments or extensions of the System as may be 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, reimbursement of any advances made from other Borrower funds, and all other expenses incurred in connection with the acquisition, construction and financing of any such undertaking. To the Acquisition and Construction Account shall be credited as received all proceeds of Series 2024 Bonds and other Bonds issued hereunder (except proceeds of refunding Bonds appropriated to the payment of outstanding Bonds and amounts required to be credited to the Revenue Bond Account), all other funds appropriated by the Borrower for the System and any other funds appropriated by the Borrower to the Acquisition and Construction Account for improvements to the System, and all income received from the investment of the Acquisition and Construction Account.

Section 11.3 Operating Account. On each monthly 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 monthly apportionment. The term "operating expenses" shall mean 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 practice, and shall include, without limitation, administrative expenses of the Borrower 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. Such expenses shall not include any allowance for 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 Borrower, except such portion as shall represent reasonable compensation for the performance of duties necessary to the operation of the System. There shall also be credited to this account forthwith upon the delivery of the Series 2024 Bonds and from available funds other than the proceeds therefrom a sum equal to the estimated average monthly operating expenses of the System to establish an Operating Reserve, which sum shall be maintained by additional transfers upon each monthly apportionment whenever necessary, or may be augmented by transfers of additional amounts from the Surplus Account described below if determined by the governing body of the Borrower 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.

Section 11.4 Revenue Bond Account. Upon each monthly apportionment there shall be set aside and credited to the Revenue Bond Account out of the Net Revenues an amount equal to not less than the sum of one-sixth of the interest due within the next six months plus one-twelfth of the principal to become due within the next twelve months with respect to outstanding Bonds payable from the Revenue Bond Account; provided that the Borrower shall be entitled to reduce a monthly credit by the amount of any surplus previously credited and then on deposit in the Revenue Bond Account. Money from time to time held in the Revenue Bond Account shall be disbursed only to meet payments of principal of, premium, if any, and interest on the Bonds payable therefrom as such payments become due. If any payment of principal or interest becomes due when moneys in the Revenue Bond Account are temporarily insufficient therefor, such payment shall be advanced out of any Net Revenues theretofore segregated and then on hand in the Reserve Account, the Replacement and Depreciation Account or the Surplus Account.

Section 11.5 Reserve Account. The Borrower agrees to establish and maintain a Reserve Account in the Fund. Upon each monthly apportionment, from the Net Revenues remaining after the apportionment to the Revenue Bond Account, the Borrower shall credit to the Reserve Account such additional Net Revenues as may be required to establish and thereafter maintain the balance in an amount equal, as of the date of calculation, to the Reserve Requirement (one-half the annual maximum principal and interest payment on all Bonds. Money in the Reserve Account shall be used only to pay maturing principal, premium and interest on Bonds when money within the Revenue Bond Account is insufficient therefor; provided that on any date when all outstanding Bonds of a series are due or prepayable by their terms, if the amount then on hand in the Reserve Account allocable to such Bonds and available for such appropriation is sufficient with money available for the purpose to pay all such Bonds and the interest accrued thereon in full, it may be used for that purpose; and provided, further, that so long as the amount on hand in the Reserve Account is not less than the Reserve Requirement, the Borrower may credit earnings on investment of the Reserve Account to the Replacement and Depreciation Account.

Section 11.6 Replacement and Depreciation Account. There shall next be set aside and credited, upon each monthly apportionment, to the Replacement and Depreciation Account Surplus Net Revenues of the System, as the governing body of the Borrower shall determine to be required for the accumulation of a reasonable allowance for repair and depreciation of the System and for replacement or renewal of worn out, obsolete or damaged properties and equipment thereof. Money in this account shall be used only for the purposes above stated or, if so directed by the governing body of the Borrower, to redeem Bonds which are prepayable according to their terms, to pay principal or interest when due thereon as required in Section 11.5, or to pay the cost of improvements to the System; provided that in the event construction and installation of additional improvements or additions to the System are financed other than from proceeds of Bonds payable from the Revenue Bond Account, surplus net revenues from time to time received may be segregated and paid into one or more separate and additional accounts for the repayment of such indebtedness and interest thereon, in advance of payments required to be made into the Replacement and Depreciation Account.

Section 11.7 Surplus Account. This account is also referred to as the Subordinate Obligations Account. 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 (or such other account in the Fund as the Borrower may establish for bookkeeping purposes to account for surplus money in accordance with the purposes of this Resolution), and the money from time to time in that account, when not required to restore a current deficiency in the Revenue Bond Account as provided in Section 11.4, may be used for any of the following purposes and not otherwise:

(a) To redeem bonds payable from the Net Revenues when and as such bonds become prepayable according to their terms; or

(b) To purchase Bonds on the open market, whether or not the Bonds or other such Bonds may then be prepayable according to their terms; or

(c) To be held as a reserve for redemption of bonds payable from the Net Revenues which are not then but will later be prepayable according to their terms; or

(d) To pay for repairs of or for the construction and installation of improvements or additions to the System; or

(e) To restore the Operating Reserve or increase the same when determined to be necessary by the governing body of the Borrower; or

(f) to pay the principal and interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge on Subordinate Obligations.

No money shall at any time be transferred from the Surplus Account or any other account of the Fund to any other fund of the Borrower, nor shall such moneys at any time be loaned to other municipal funds or invested in warrants, special improvement bonds or other obligations payable from other funds, except as provided in Section 11.8.

Section 11.8 Deposit and Investment of Funds. The finance officer of the Borrower shall cause all money appropriated to the Fund to be deposited as received with one or more depository banks duly qualified in accordance with the provisions of Montana Code Annotated, Section 7-6-201, in a deposit account or accounts. The balance in such accounts, except such portion thereof as shall be guaranteed by federal deposit insurance, shall at all times be secured to its full amount by bonds or securities of the types set forth in said Section 7-6-201. Any of such moneys not necessary for immediate use may be deposited with such depository banks in savings or time deposits. No money shall at any time be withdrawn from such deposit accounts except for the purposes of the Fund as defined and authorized in this Resolution; except that money from time to time on hand in the Fund may at any time, in the discretion of the governing body of the Borrower, be invested in securities which are direct, general obligations of, or obligations the prompt payment of the principal of and the interest on which is fully and unconditionally guaranteed by, the United States of America, bank repurchase agreements with respect to such obligations, certificates of deposits of national banks having a combined capital and surplus of at least $1,000,000 or in the Montana short-term investment program administered by the Board of Investments, which investments mature and bear interest at the times and in the amounts estimated to be required to provide cash when needed for the purposes of the respective accounts; provided that funds on hand in the Reserve Account, the Replacement and Depreciation Account and the Surplus Account may be invested in said securities maturing not later than five years from the date of the investment; and provided, further, that money on hand in the Surplus Account of the Fund may, in the discretion of the governing body of the Borrower, be invested in any securities which are direct, general obligations of the Borrower. Income received from the deposit or investment of moneys in said accounts shall be credited to the account from whose moneys the deposit was made or the investment was purchased, and handled and accounted for in the same manner as other moneys in that account.

ARTICLE XII

TAX MATTERS

Section 12.1 Use of Series 2024 Project. The Series 2024 Project will be owned and operated by the Borrower and available for use by members of the general public on a substantially equal basis. The Borrower shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the Series 2024 Project or the System or security for the payment of the Series 2024B Bond which might cause the Series 2024B Bond to be considered a "private activity bond" or "private loan bond" within the meaning of Section 141 of the Code.

Section 12.2 General Covenant. The Borrower covenants and agrees with the owners from time to time of the Series 2024B 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 2024B Bond to become includable in gross income for federal income tax purposes under the Code and the Regulations, and covenants to take any and all actions within its powers to ensure that the interest on the Series 2024B Bond will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

Section 12.3 Arbitrage Certification. The Mayor and the Town Clerk, being the officers of the Borrower charged with the responsibility for issuing the Series 2024B Bond pursuant to the Resolution, are authorized and directed to execute and deliver to the DNRC 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 2024B Bond, it is reasonably expected that the proceeds of the Series 2024B Bond will be used in a manner that would not cause the Series 2024B Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code and the Regulations.

Section 12.4 Arbitrage Rebate Exemption.

(a) The Borrower hereby represents and makes the election that the Series 2024B Bond qualifies for the exception for small governmental units to the arbitrage rebate provisions contained in Section 148(f)(2) of the Code. Specifically, the Borrower represents:

(1) Substantially all (not less than 95%) of the proceeds of the Series 2024B Bond (except for amounts to be applied to the payment of costs of issuance) will be used for local governmental activities of the Borrower.

(2) The aggregate face amount of all "tax-exempt bonds" (including warrants, contracts, leases and other indebtedness, but excluding private activity bonds) issued by or on behalf of the Borrower and all subordinate entities thereof during 2024 is reasonably expected not to exceed $5,000,000. To date in 2024, the Borrower has issued no tax-exempt bonds but does intend to issue, on the Closing Date, the Series 2017 Refunding Bond.

(3) The Borrower has general taxing powers as a Town.

(b) If notwithstanding the provisions of paragraph (a) of this Section 10.4, the arbitrage rebate provisions of Section 148(f) of the Code apply to the Series 2024B Bond, the Borrower hereby covenants

and agrees to make the determinations, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 148(f).

Section 12.5 Information Reporting. The Borrower shall file with the Secretary of the Treasury, not later than 45 days after the end of the calendar quarter in which the Series 2024B Bond is issued, a statement concerning the Series 2024B Bond containing the information required by Section 149(e) of the Code.

Section 12.6 "Qualified Tax-Exempt Obligations." Pursuant to Section 265(b)(3)(B)(ii) of the Code, the Borrower hereby designates the Series 2024B Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code. The Borrower has not so designated any other obligations in 2024, other than the Series 2017 Refunding Bond. The Borrower hereby represents that it does not anticipate that obligations bearing interest not includable in gross income for purposes of federal income taxation under Section 103 of the Code (including refunding obligations as provided in Section 265(b)(3) of the Code and including "qualified 501(c)(3) bonds" but excluding other "private activity bonds," as defined in Sections 141(a) and 145(a) of the Code) will be issued by or on behalf of the Borrower and all "subordinate entities" of the Borrower in 2024 in an amount greater than $10,000,000.

ARTICLE XIII

CONTINUING DISCLOSURE

The Borrower understands and acknowledges that the DNRC is acquiring the Series 2024 Bonds under the Program pursuant to which the State issues from time-to-time State Bonds to provide funds therefor. The Borrower covenants and agrees that, upon written request of the DNRC from time to time, the Borrower will promptly provide to the DNRC all information that the DNRC reasonably determines to be necessary or appropriate to offer and sell State Bonds or to provide continuing disclosure in respect of State Bonds, whether under Rule 15c2-12 (17 C.F.R. § 240.15c2-12) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or otherwise. Such information shall include, among other things and if so requested, financial statements of the Borrower prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Montana law, as in effect from time to time (such financial statements to relate to a Fiscal Year or any period therein for which they are customarily prepared by the Borrower, and, if for a Fiscal Year and so requested by the DNRC, subject to an audit report and opinion of an accountant or government auditor, as permitted or required by the laws of the State). The Borrower will also provide, with any information so furnished to the DNRC, a certificate of the Mayor and the Town Clerk of the Borrower to the effect that, to the best of their knowledge, such information does not include any untrue statement of a material fact or omit to state any material fact required to be stated therein to make the statements made, in light of the circumstances under which they are made, not misleading.

ARTICLE XIV

MISCELLANEOUS

Section 14.1 Notices. All notices or other communications hereunder shall be sufficiently sent or given and shall be deemed sent or given when delivered or mailed by certified mail, postage prepaid, to the parties at the following addresses:

DNRC: Department of Natural Resources and Conservation
1539 Eleventh Avenue
P. O. Box 201601
Helena, Montana 59620-1601
Attn: Conservation and Resource
Development Division

Trustee: U.S. Bank National Association
c/o Corporate Trust Services
1420 Fifth Avenue, 7th Floor
Seattle, Washington 98101

Borrower: Town of Fromberg
P.O. Box 236
Fromberg, MT 59029
Attn: Mayor

Any of the above parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices or other communications shall be sent.

Section 14.2 Binding Effect. This Resolution shall inure to the benefit of and shall be binding upon the DNRC, the Borrower and their respective successors and assigns.

Section 14.3 Severability. If any provision of this Resolution shall be determined to be unenforceable at any time, it shall not affect any other provision of the Resolution or the enforceability of that provision at any other time.

Section 14.4 Amendments. This Resolution may not be effectively amended without the written consent of DNRC.

Section 14.5 Applicable Law. This Resolution shall be governed by and construed in accordance with the internal laws of the State.

Section 14.6 Captions; References to Sections. The captions in this Resolution are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Resolution.

Section 14.7 No Liability of Individual Officers, Directors or Trustees. No recourse under or upon any obligation, covenant or agreement contained in this Resolution shall be had against any director, officer or employee, as such, past, present or future, of the DNRC, the DEQ or the Trustee, either directly or through the DNRC, the DEQ or the Trustee, or against any officer, or member of the governing body or

employee of the Borrower, past, present or future, as an individual so long as such individual was acting in good faith. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officer or member of the governing body or employee of the DNRC, the Trustee or the Borrower is hereby expressly waived and released by the Borrower and by the DNRC as a condition of and in consideration for the adoption of this Resolution and the making of the 2024 Loans.

Section 14.8 Payments Due on Holidays. If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Resolution or the Series 2024 Bonds, shall not be Business Day, such payments may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Resolution or the Series 2024 Bonds.

Section 14.9 Right of Others To Perform Borrower's Covenants. In the event the Borrower shall fail to make any payment or perform any act required to be performed hereunder, then and in each such case the DNRC or the provider of any Collateral Document may (but shall not be obligated to) remedy such default for the account of the Borrower and make advances for that purpose. No such performance or advance shall operate to release the Borrower from any such default and any sums so advanced by the DNRC or the provider of any Collateral Document shall be paid immediately to the party making such advance and shall bear interest at the rate of ten percent (10.00%) per annum from the date of the advance until repaid. The DNRC and the provider of any Collateral Document shall have the right to enter the Series 2024 Project or the facility or facilities of which the Series 2024 Project is a part or any other facility which is a part of the System in order to effectuate the purposes of this Section.

Section 14.10 Authentication of Transcript. The officers of the Borrower are hereby authorized and directed to furnish to the DNRC and to Bond Counsel certified copies of all proceedings relating to the issuance of the Series 2024 Bonds and such other certificates and affidavits as may be required to show the right, power and authority of the Borrower to issue the Series 2024 Bonds, and all statements contained in and shown by such instruments, including any heretofore furnished, shall constitute representations of the Borrower as to the truth of the statements of fact purported to be shown thereby.

Section 14.11 Date. This Resolution shall take effect immediately.

Adopted by the Town Council of the Town of Fromberg, Montana, on this 13th day of May, 2024.

_____
Tim Nottingham, Mayor

ATTEST:

_____
Kirstin Sweet, Town Clerk Pro Tem

APPENDIX A

Description of the Series 2024 Project

The Series 2024 Project generally consists of the _____.

Estimated Series 2024 Project Budget

	Project Costs
Grant Management	$20,000
Audit Fees	7,500
Loan Reserves	5,219
Bond Counsel	10,000
Engineering Design	59,000
Geotechnical Evaluation	12,000
MDT & BNSF Permits	7,700
Engineering – Construction	162,000
Construction	1,117,845
Contingency	114,235
TOTALS	$1,515,499

The Series 2024 Project is expected to be funded by the $830,000 Series 2024A and B Bond proceeds, a $677,999 ARPA Competitive Grant and $7,500 in contributions from the Borrower.

APPENDIX B-1

[Form of the Series 2024A Bond]

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF CARBON

TOWN OF FROMBERG

SUBORDINATE LIEN WATER SYSTEM REVENUE BOND
(DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM)
TAXABLE SERIES 2024A

R-1 $617,000

FOR VALUE RECEIVED, THE TOWN OF FROMBERG, MONTANA (the "Borrower"), a duly organized municipal corporation and political subdivision of the State of Montana, acknowledges itself to be specially indebted and hereby promises to pay to the Department of Natural Resources and Conservation of the State of Montana (the "DNRC"), or its registered assigns, solely out of available Surplus Net Revenues remaining in the Subordinate Obligations Account of its Water System Fund, the principal sum equal to the sum of the amounts entered on Schedule A attached hereto under "Total Amount Advanced," with interest on each such amount from the date such amount is advanced hereunder at the rate of two percent (2.00%) per annum on the unpaid balance until paid, together with A Loan Loss Reserve and an Administrative Expense Surcharge on the outstanding principal amount of this Bond from the date of each advance of principal at the rate of twenty-five hundredths of one percent (0.25%) and twenty-five hundredths of one percent (0.25%) per annum, respectively, all subject to the effect of the immediately following paragraph. Interest and Administrative Expense Surcharge and Loan Loss Reserve shall be payable in semiannual installments on each January 1 and July 1 (each a "Loan Repayment Date") commencing with the Loan Repayment Date that is the first to occur following delivery by the DNRC to the Borrower of a statement that the Borrower's obligation to repay the principal amount of the 2024A Loan is not forgiven and ending on the July 1, 2055, all as described in the Resolution (as hereinafter defined), subject to earlier redemption. Principal shall as well be payable on such dates, as set forth in Schedule B hereto. Each installment shall be in the amount set forth opposite its due date in Schedule B hereto under "Total Loan Payment." The portion of each such payment consisting of principal, the portion consisting of interest and the portion consisting of Administrative Expense Surcharge and the portion consisting of Loan Loss Reserve shall be as set forth in Schedule B attached hereto. Upon each disbursement of 2024A Loan amounts to the Borrower pursuant to the Resolution described below, the DNRC shall enter (or cause to be entered) the amount advanced on Schedule A under "Advances" and the total amount advanced under the Resolution (as hereinafter defined), including such disbursement, under "Total Amount Advanced." The DNRC shall prepare Schedule B and any revised Schedule B, or cause Schedule B and any revised Schedule B to be prepared, as provided in Section 5.1 of the resolution authorizing this Bond, and the final Schedule B will reflect repayments under

SAMPLE

Section 5.1.4 of such resolution. Schedule B shall be calculated and recalculated on a level debt service basis assuming an interest rate of two and one-half percent (2.50%) per annum. Past-due payments of principal and interest and Administrative Expense Surcharge and Loan Loss Reserve shall bear interest at the rate of ten percent (10.00%) per annum, until paid. Interest and Administrative Expense Surcharge and Loan Loss Reserve shall be calculated on the basis of a 360-day year comprising 12 months of 30 days each. All payments under this Bond shall be made to the registered holder of this Bond, at its address as it appears on the Bond register, in lawful money of the United States of America.

NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS BOND, IN THE EVENT THAT THE BORROWER TIMELY DELIVERS A COMPLIANCE CERTIFICATE AND REQUEST (AS DEFINED IN THE RESOLUTION) IN FORM AND SUBSTANCE SATISFACTORY TO THE DNRC AND THE DNRC IN RESPONSE THERETO SUPPLIES TO THE BORROWER A FORGIVENESS STATEMENT, THEN THEREUPON INTEREST SHALL BE DEEMED TO ACCRUE ON THE PRINCIPAL OF THIS SERIES 2024A BOND FROM THE DATE OF EACH ADVANCE AT THE RATE OF ZERO PERCENT (0.00%) PER ANNUM AND THE BORROWER'S OBLIGATION TO REPAY PRINCIPAL ADVANCED HEREUNDER SHALL BE FORGIVEN, AND THE BORROWER SHALL HAVE NO OBLIGATION TO REPAY THE DNRC OR ITS REGISTERED ASSIGNS ANY AMOUNTS ADVANCED HEREUNDER OR INTEREST OR ANY SURCHARGE THEREON. THIS BOND SHALL THEREUPON BE MARKED "CANCELLED" AND RETURNED BY THE HOLDER TO THE BORROWER, AND THIS BOND SHALL NO LONGER CONSTITUTE AN OBLIGATION OF THE BORROWER OR OF THE SYSTEM (AS HEREINAFTER DEFINED). IN ADDITION, UNTIL THE DELIVERY OF A DETERMINATION STATEMENT BY THE DNRC TO THE BORROWER, THE OBLIGATION OF THE BORROWER TO REPAY THE OUTSTANDING PRINCIPAL AMOUNT HEREOF SHALL BE DEFERRED UNTIL THE LOAN REPAYMENT DATE FIRST OCCURRING AFTER DELIVERY OF A NONCOMPLIANCE STATEMENT AND INTEREST SHALL BE DEEMED TO ACCRUE ON THE PRINCIPAL OF THIS SERIES 2024A BOND FROM THE DATE OF EACH ADVANCE UNTIL DELIVERY OF SUCH A NONCOMPLIANCE STATEMENT AT THE RATE OF ZERO PERCENT (0.00%) PER ANNUM.

This Bond is one of an issue of Water System Revenue Bonds of the Borrower authorized to be issued in one or more series from time to time and constitutes a series in the maximum authorized principal amount of $617,000 (the "Series 2024A Bond"). The Series 2024A Bond is issued to finance a portion of the costs of the construction of certain improvements to the water system of the Borrower (the "System") and to pay costs of issuance of the Series 2024A Bond. The Series 2024A Bond is issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 7, Part 44 and 45, as amended, and ordinances and resolutions duly adopted by the governing body of the Borrower, by Resolution No. _____, adopted on May __, 2024 (collectively, the "Resolution"). Terms used with initial capital letters but not defined herein shall have the meanings given them in the Resolution. The Series 2024A Bond is issuable only as a single, fully registered bond. The Series 2024A Bond is issued as a Subordinate Obligation payable from Surplus Net Revenues in the Subordinate Obligations Account in the Fund of the Borrower. The Borrower is issuing simultaneously herewith its $213,000 Water System Revenue Bond (DNRC

DRAFT

Drinking Water State Revolving Loan Program), Series 2024B (the "Series 2024B Bond"). Following the 2024B First Advance, principal amounts of this Series 2024A Bond are advanced until all of the principal of this Series 2024A Bond is advanced and then the remaining amounts of principal of the Series 2024B Bond are advanced. The Borrower also has outstanding its $481,000 Water System Refunding Revenue Bond (DNRC Drinking Water Revolving Loan Program) Series 2017, and its $171,800 Water System Revenue Bond (DNRC Drinking Water Revolving Loan Program) Series 2017B, which is issued on a parity basis with the Series 2024B Bond.

Reference is made to the Resolution for a more complete statement of the terms and conditions upon which the Series 2024A Bond has been issued, the conditions upon which the Resolution may be amended, the rights, duties and obligations of the Borrower, and the rights of the owners of the Series 2024A Bond.

The Borrower may prepay the principal of the Series 2024A Bond only if (i) a Determination Statement has been delivered, (ii) it obtains the prior written consent of the DNRC thereto, and (iii) no Loan Repayment or Administrative Expense Surcharge or Loan Loss Reserve is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest and Administrative Expense Surcharge and Loan Loss Reserve to the date of prepayment on the amount of principal prepaid. If the Series 2024A Bond is prepaid in part, such prepayments shall be applied to principal payments in inverse order of maturity.

This Series 2024A Bond, including interest and any premium for the redemption thereof, are payable solely from the Surplus Net Revenues available for the payment hereof and do not constitute a debt of the Borrower within the meaning of any constitutional or statutory limitation or provision.

The Borrower may deem and treat the person in whose name this Series 2024A Bond is registered as the absolute owner hereof, whether this Series 2024A Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and the Borrower shall not be affected by any notice to the contrary. The Series 2024A Bond may be transferred as hereinafter provided.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Borrower will forthwith construct and complete the improvements to the System hereinabove described; that it will prescribe and collect reasonable rates and charges for all services and facilities afforded by the System, including all additions thereto and replacements and improvements thereof, and has created a special Water System Fund into which the gross revenues of the System will be paid, and a separate and special Subordinate Obligations Account in that Fund, into which will be paid, subject to the prior lien thereon of the Operating Account, Revenue Bond Account, and the Reserve Account, Surplus Net Revenues; that the rates and charges for the System will from time to time be made and kept sufficient, to provide gross income and revenues adequate to pay promptly the reasonable and current expenses of operating and maintaining the System, to produce in each Fiscal Year Net Revenues in excess of such current expenses, equal to at least 110% of the maximum amount of principal and interest payable from the Revenue Bond Account in any subsequent Fiscal Year and to produce in each Fiscal Year adequate Surplus Net Revenues to pay the principal of and interest on Subordinate Obligations including the Series 2024A Bond, as and when due; that Additional Bonds issued on a parity with the Outstanding

SAMPLE

Bonds (such bonds, collectively, with the Outstanding Bonds, the "Bonds") and refunding Bonds may be issued and made payable from the Revenue Bond Account on a parity with the Outstanding Bonds, and other parity Bonds, upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues of the System, unless the lien thereof shall be expressly made subordinate to the lien of the Outstanding Bonds and Additional Bonds on such Net Revenues (such as is the case with this Series 2024A Bond); that all provisions for the security of the holder of this Series 2024A Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the ordinances and resolutions of the Borrower to be done, to exist, to happen and to be performed in order to make this Series 2024A Bond a valid and binding special obligation of the Borrower according to its terms have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required; and that this Series 2024A Bond and the interest hereon are payable solely out of available Net Revenues in the Subordinate Obligations Account of the Fund and do not constitute a debt of the Borrower within the meaning of any constitutional or statutory limitation or provision and the issuance of the Series 2024A Bond does not cause either the general or the special indebtedness of the Borrower to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Town of Fromberg, Montana, by its governing body, has caused this Bond to be executed by the signatures of its Mayor and Town Clerk, and has caused the official seal of the Borrower to be affixed hereto, and has caused this Bond to be dated as of the _____ day of _____, 2024.

_____
Mayor

_____
Town Clerk

SAMPLE

REGISTRATION AND TRANSFER

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

REGISTER

The ownership of the unpaid Principal Balance of this Bond and the interest accruing thereon is registered on the books of the Town of Fromberg, Montana in the name of the registered holder appearing on the first page hereof or as last noted below:

Date of Registration	Name and Address of Registered Holder	Signature of Town Clerk
_____, 2024	Department of Natural Resources and Conservation 1539 Eleventh Avenue Helena, MT 59620	_____

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

The Town Clerk of the Town of Fromberg, Montana, acting as Bond Registrar, has transferred, on the books of the Borrower, on the date last noted below, ownership of the principal amount of and the accrued interest on this Bond to the new registered holder noted next to such date, except for amounts of principal and interest theretofore paid.

Date of Transfer	Name of New Registered Holder	Signature of Bond Registrar
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SAMPLE

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____

_____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____ _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatsoever.

SAMPLE

SCHEDULE A

SCHEDULE OF AMOUNTS ADVANCED

Date	Advances	Total Amount Advanced	Notation Made By

SAMPLE

SCHEDULE B

Date	Principal	Interest	Administrative Expense Surcharge	Loan Loss Reserve Surcharge	Total Loan Payment

SAMPLE

APPENDIX B-2

[Form of the Series 2024B Bond]

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF CARBON

TOWN OF FROMBERG

WATER SYSTEM REVENUE BOND
(DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM)
SERIES 2024B

R-1 $213,000

FOR VALUE RECEIVED, THE TOWN OF FROMBERG, MONTANA (the "Borrower"), a duly organized municipal corporation and political subdivision of the State of Montana, acknowledges itself to be specially indebted and, for value received, hereby promises to pay to the Department of Natural Resources and Conservation of the State of Montana (the "DNRC"), or its registered assigns, solely from the Revenue Bond Account of its Water System Fund, the principal sum equal to the sum of the amounts entered on Schedule A attached hereto under "Total Amount Advanced," with interest on each such amount from the date such amount is advanced hereunder at the rate of two percent (2.00%) per annum on the unpaid balance until paid. In addition, the Borrower shall pay a Loan Loss Reserve and an Administrative Expense Surcharge on the outstanding principal amount of this Bond at the rate of twenty-five hundredths of one-percent (0.25%) and twenty-five hundredths of one percent (0.25%) respectively, per annum. Interest, Administrative Expense Surcharge and Loan Loss Reserve shall be payable on each January 1 and July 1 (each a "Loan Repayment Date") commencing January 1, 2025. Principal shall be payable on the dates set forth in Schedule B hereto. Each installment shall be in the amount set forth opposite its due date in Schedule B attached hereto under "Total Loan Payment." The portion of each such payment consisting of principal and the portion consisting of interest, Administrative Expense Surcharge and Loan Loss Reserve shall be as set forth in Schedule B hereto. Upon each disbursement of 2024B Loan amounts to the Borrower pursuant to the Resolution described below, the DNRC shall enter (or cause to be entered) the amount advanced on Schedule A under "Advances" and the total amount advanced under the Resolution (as hereinafter defined), including such disbursement, under "Total Amount Advanced." The DNRC shall prepare Schedule B and any revised Schedule B, or cause Schedule B and any revised Schedule B to be prepared, as provided in Section 5.1 of the resolution authorizing this Bond. Schedule B shall be calculated and recalculated on a level debt service basis assuming an interest rate of 2.50% per annum. Past-due payments of principal and interest and Administrative Expense and Loan Loss Reserve shall bear interest at the rate of ten percent (10.00%) per annum, until paid. Interest and Administrative Expense Surcharge and Loan Loss Reserve shall be calculated on the basis of a 360-day year comprising 12 months of 30 days each. All payments under this Bond

SAMPLE

shall be made to the registered holder of this Bond, at its address as it appears on the Bond register, in lawful money of the United States of America.

This Bond is one of an issue of Water System Revenue Bonds of the Borrower authorized to be issued in one or more series from time to time, and constitutes a series in the maximum authorized principal amount of $213,000 (the "Series 2024B Bond"), issued to finance a portion of the costs of construction of certain improvements to the water system of the Borrower (the "System") and to pay costs of issuance of the Series 2024B Bond. The Series 2024B Bond is issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 7, Part 44 and 45, as amended, and ordinances and by Resolution No. _____, duly adopted by the governing body of the Borrower, on May __, 2024 (collectively, the "Resolution"). Terms used with initial capital letters but not defined herein have the meanings given to them in the Resolution. The Series 2024B Bond is issuable only as a single, fully registered bond. The Borrower is also issuing simultaneously herewith its Subordinate Lien Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Taxable Series 2024A (the "Series 2024A Bond"). The Borrower also has outstanding its $481,000 Water System Refunding Revenue Bond (DNRC Drinking Water Revolving Loan Program) Series 2017, and its $171,800 Water System Revenue Bond (DNRC Drinking Water Revolving Loan Program) Series 2017B, which is issued on a parity basis with the Series 2024B Bond.

Reference is made to the Resolution for a more complete statement of the terms and conditions upon which the Series 2024B Bond has been issued, the Net Revenues of the System pledged and appropriated for the payment and security thereof, the conditions upon which additional bonds may be issued under the Resolution and made payable from such Net Revenues on a parity with the Series 2024B Bond or otherwise, the conditions upon which the Resolution may be amended, the rights, duties and obligations of the Borrower, and the rights of the owners of the Series 2024B Bond.

The Borrower may prepay the principal of the Series 2024B Bond only if a Determination Statement has been delivered, it obtains the prior written consent of the DNRC thereto, and no Loan Repayment, Administrative Expense Surcharge or Loan Loss Reserve is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest and Administrative Expense Surcharge and Loan Loss Reserve to the date of prepayment on the amount of principal prepaid. If the Series 2024B Bond is prepaid in part, such prepayments shall be applied to principal payments in inverse order of maturity.

The Bonds, including interest and any premium for the redemption thereof, are payable solely from the Net Revenues pledged for the payment thereof and do not constitute a debt of the Borrower within the meaning of any constitutional, statutory or charter limitation or provision.

The Borrower may deem and treat the person in whose name this Series 2024B Bond is registered as the absolute owner hereof, whether this Series 2024B Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and the Borrower shall not be affected by any notice to the contrary. The Series 2024B Bond may be transferred as hereinafter provided.

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This Series 2024B Bond has been designated by the Borrower as a "qualified tax-exempt obligation" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Borrower has duly authorized and will forthwith undertake the improvements to the System hereinabove described, has fixed and established and will collect reasonable rates and charges for the services and facilities afforded by the System, and has created a special Water System Fund into which the revenues of the System will be paid, and a separate and special Revenue Bond Account in that fund, into which will be paid each month; from and as a first and prior lien on the Net Revenues of the System then on hand, an amount equal to not less than the sum of one-sixth of the interest due within the next six months and one-twelfth of the principal due within the next twelve months with respect to all Bonds payable from that Account; that the Borrower has created a Reserve Account in such fund into which shall be paid additional Net Revenues, after required credits to the Revenue Bond Account sufficient to establish and maintain a reserve therein equal to, as of the date of calculation, the Reserve Requirement (as defined in the Resolution); that the Revenue Bond Account will be used only to pay the principal of, premium, if any, and interest on the Bonds and any other additional Bonds issued pursuant to the Resolution on a parity therewith; that the rates and charges for the System will from time to time be made and kept sufficient to (i) produce Net Revenues for each Fiscal Year in an amount at least sufficient to pay the principal of and interest on all Bonds payable from the Net Revenues derived in such Fiscal Year, to establish and maintain the Reserve Requirement, to pay promptly the reasonable and current Operating Expenses, to pay the principal of and interest on any Subordinate Obligations out of Surplus Net Revenues and to provide reserves for the repair and replacement of the System, and (ii) Net Revenues for each Fiscal Year will be equal to at least 110% of the maximum principal and interest requirements for all future Fiscal Years during which any Bonds will be Outstanding; that Additional Bonds and refunding Bonds may be issued and made payable from the Revenue Bond Account on a parity with the Series 2024B Bond upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues unless the lien thereof shall be expressly made subordinate to the lien of the Series 2024B Bond; that all provisions for the security of this Series 2024B Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the ordinances and resolutions of the Borrower to be done, to exist, to happen and to be performed in order to make this Series 2024B Bond a valid and binding special obligation of the Borrower according to its terms have been done, do exist, have happened and have been performed as so required; and that this Series 2024B Bond and the premium, if any, and interest hereon are payable solely from the Net Revenues of the System pledged and appropriated to the Revenue Bond Account and do not constitute a debt of the Borrower within the meaning of any constitutional, statutory or charter limitation or provision and the issuance of the Series 2024B Bond does not cause either the general or the special indebtedness of the Borrower to exceed any constitutional, statutory or charter limitation.

IN WITNESS WHEREOF, the Town of Fromberg, Montana, by its governing body, has caused this Bond to be executed by the signatures of its Mayor and Town Clerk, and has caused the official seal of the Borrower to be affixed hereto, and has caused this Bond to be dated as of the ____ day of _____, 2024.

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Mayor

Town Clerk

REGISTRATION AND TRANSFER

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

REGISTER

The ownership of the unpaid Principal Balance of this Bond and the interest accruing thereon is registered on the books of the Town of Fromberg, Montana in the name of the registered holder appearing on the first page hereof or as last noted below:

Date of Registration	Name and Address of Registered Holder	Signature of Town Clerk
_____, 2024	Department of Natural Resources and Conservation 1539 Eleventh Avenue Helena, MT 59620	_____

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

The Town Clerk of the Town of Fromberg, Montana, acting as Bond Registrar, has transferred, on the books of the Borrower, on the date last noted below, ownership of the principal amount of and the accrued interest on this Bond to the new registered holder noted next to such date, except for amounts of principal and interest theretofore paid.

Date of Transfer	Name of New Registered Holder	Signature of Bond Registrar
_____	_____	_____

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FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____ _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatsoever.

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SCHEDULE A

SCHEDULE OF AMOUNTS ADVANCED

Date	Advances	Total Amount Advanced	Notation Made By

SAMPLE

SCHEDULE B

Date	Principal	Interest	Administrative Expense Surcharge	Loan Loss Reserve Surcharge	Total Loan Payment

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APPENDIX C

ADDITIONAL REPRESENTATIONS AND COVENANTS

None

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APPENDIX D

$830,000
Water System Revenue Bonds
(DNRC Drinking Water State Revolving Loan Program)
Consisting Of
$617,000 Subordinate Lien Taxable Series 2024A Bond
And
$213,000 Series 2024B Bond

COMPLIANCE CERTIFICATE AND REQUEST

We, _____ and _____, hereby certify that we are on the date hereof the duly qualified and acting Mayor and Town Clerk, respectively, of the Town of Fromberg, Montana (the "Borrower"), and that:

1. Pursuant to Resolution No. _____ adopted by this Council on May ___, 2024 (the "2024 Resolution"), entitled "Resolution Relating to $830,000 Water System Revenue Bonds (DNRC Drinking Water State Revolving Loan Program), consisting of $617,000 Subordinate Lien Taxable Series 2024A Bond and $213,000 Series 2024B Bond; Authorizing the Issuance and Fixing the Terms and Conditions Thereof" (as so amended and supplemented, collectively the "Resolution"), the Borrower issued its Subordinate Lien Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Taxable Series 2024A, dated, as originally issued, as of _____, 2024, in the maximum aggregate principal amount of $617,000 (the "Series 2024A Bond") and its Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2024B, dated, as originally issued, as of _____, 2024, in the maximum aggregate principal amount of $213,000 (the "Series 2024B Bond"). The Borrower has reviewed the Resolution, including, without limitation, Articles II and III of the Resolution, and the definitions relating thereto. The Borrower acknowledges and agrees that the Series 2024A Bond evidences loans made to the Borrower from the DNRC from funds made available to the DNRC from the 20__ EPA Capitalization Grants, and that this Certificate is being relied upon by the DNRC for ensuring compliance with requirements applicable to the Borrower, the DNRC, and the Series 2024 Project (as hereinafter defined). Capitalized terms used herein without definition shall have the meanings given them in the Resolution.

2. The Series 2024A Bond is issued to finance a portion of the costs of construction and installation of various improvements to the System, generally described as the Series 2024 Project in the Resolution. Construction of the Series 2024 Project has complied with all federal and state standards, including, without limitation, EPA regulations and standards. The Series 2024 Project is expected to be completed and placed in service on or about _____.

3. Costs of the Series 2024 Project in the amount of $_____ have been paid as of the date of delivery of this Certificate. The Borrower hereby waives its right to any remaining 2024A Committed Amount or 2024B Committed Amount not advanced or to be advanced upon delivery hereof. The Borrower specifically confirms and agrees that any remaining amounts of the 2024 Loans to be lent to the Borrower, if any, shall be evidenced by the Series 2024B Bond.

4. As of the date hereof, the Borrower has spent the following amounts in connection with the Series 2024 Project and costs related thereto:

Construction	$
Loan Reserves	
Bond Counsel	
Administrative	
Preliminary Engineering	
Engineer Design	
Construction Engineering	
Contingency	
TOTALS	$

Of such amounts, $_____ were paid from advances of proceeds of the Series 2024A Bond.

5. The Trustee has delivered to the Borrower a copy of Schedule B to be attached to the Series 2024A Bond and Schedule B to be attached to the Series 2024B Bond, each of which reflects the amortization of all advances made or to be made on the date hereof of proceeds of the Series 2024A Bond and the Series 2024B Bond, respectively (i.e., $_____ in respect of the Series 2024A Bond (the sum of the amounts of the Series 2024A Bond applied to pay costs of the Series 2024 Project or costs of issuance of the Series 2024 Bonds) and $_____ in respect of the Series 2024B Bond (the sum of the amounts of the Series 2024B Bond applied to pay costs of the Series 2024 Project or costs of issuance of the Series 2024 Bonds or deposited in the Reserve Account as described in paragraph 6 hereof)), as required under Section 7.08(a) of the Indenture. The Borrower hereby acknowledges and agrees that each Schedule B has been calculated in accordance with the provisions of the Resolution and the Indenture, and that each of the Series 2024A Bond and the Series 2024B Bond, with said Schedule B attached thereto, has been duly issued pursuant to the Resolution and is a valid and binding obligation of the Borrower in accordance with its terms and the terms of the Resolution; provided, however, if the DNRC delivers a Forgiveness Statement, the Borrower's obligation to repay the principal of the Series 2024A Bond and interest and surcharges thereon is thereupon forgiven, and if the DNRC delivers a Noncompliance Certificate, amounts advanced under the 2024B Loan evidenced by the Series 2024A Bond shall bear interest from and after the 2024A First Advanced at the rate of two percent (2.00%) per annum and the Borrower shall pay currently with interest the Administrative Expense Surcharge and the Loan Loss Reserve, all as described in Section 5.1.2 of the Resolution.

6. The representations of the Borrower contained in Articles II and III of the Resolution are true and complete as of the date hereof as if made on this date, except to the extent that the Borrower has specifically advised the DEQ and the DNRC otherwise in writing.

7. No default in any covenant or agreement on the part of the Borrower contained in the Resolution has occurred and is continuing.

8. The Borrower is delivering this Certificate to the DNRC, in part, to ensure compliance with EPA regulations and standards. The Borrower certifies that all laborers and

mechanics employed by contractors and subcontractors on the Series 2024 Project have been and will be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the United States Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code.

9. The Borrower acknowledges and agrees that this Certificate completed by the Borrower in form satisfactory to the DNRC must be executed and delivered to the DNRC by the date that is 30 days after receipt of the form of this Certificate from the DNRC. By submitting this Certificate, the Borrower requests that the DNRC forgive the obligation of the Borrower to repay the principal of the Series 2024A Bond, together with interest and surcharges thereon. The Borrower acknowledges and agrees that (i) the forgiveness of principal of and interest and surcharges on the Series 2024A Bond by the DNRC is contingent on the timely delivery of this Certificate by the Borrower in satisfactory form as determined in the DNRC's sole and complete discretion, (ii) the DNRC has no obligation to grant such forgiveness; (iii) if the DNRC delivers to the Borrower a Noncompliance Certificate, (a) the obligation of the Borrower to repay the principal of the Series 2024A Bond plus interest and Administrative Expense Surcharge and Loan Loss Reserve thereon shall continue in full force and effect until the principal of the Series 2024A Bond advanced and interest, Administrative Expense Surcharge, and Loan Loss Reserve thereon are paid in full, as set forth in Schedule B delivered pursuant to paragraph 5 above, and as provided in the Series 2024A Bond and the Resolution, and (b) the Borrower shall, as necessary, within the 3-month period specified in the 2024 Resolution, adjust its rates and charges to produce Net Revenues and Surplus Net Revenues required by the rate covenant in the Resolution.

WITNESS our hands on behalf of the Borrower and the seal of the Borrower as of this _____ day of _____, 20__.

TOWN OF FROMBERG, MONTANA

_____
Mayor

_____
Town Clerk

RESOLUTION NO. 525

RESOLUTION RELATING TO THE ISSUANCE BY THE TOWN OF FROMBERG OF ITS $603,173 WASTEWATER SYSTEM REVENUE BONDS (DNRC WATER POLLUTION CONTROL STATE REVOLVING LOAN PROGRAM), CONSISTING OF A $295,173 SUBORDINATE LIEN TAXABLE SERIES 2024A BOND AND A $308,000 SERIES 2024B BOND; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF AS A SUPPLEMENT RESOLUTION TO RESOLUTION NOS. 468, 471 AND 475.

WHEREAS, pursuant to the Water Pollution Control State Revolving Fund Act, Montana Code Annotated, Title 75, Chapter 5, Part 11, as amended (the "State Act"), the State of Montana (the "State") has established a revolving loan program (the "Program") to be administered by the Department of Natural Resources and Conservation of the State of Montana, an agency of the State (the "DNRC"), and by the Department of Environmental Quality of the State of Montana, an agency of the State (the "DEQ"), and has provided that a water pollution control state revolving fund (the "Revolving Fund") be created within the state treasury and all federal, state and other funds for use in the Program be deposited into the Revolving Fund, including, but not limited to, all federal grants for capitalization of a state water pollution control revolving fund under the federal Clean Water Act (the "Clean Water Act"), all repayments of assistance awarded from the Revolving Fund, interest on investments made on money in the Revolving Fund and payments of principal of and interest on loans made from the Revolving Fund; and

WHEREAS, the State Act provides that funds from the Program shall be disbursed and administered for the purposes set forth in the Clean Water Act and according to rules adopted by the DEQ and the DNRC; and

WHEREAS, the Town of Fromberg (the "Borrower"), by its Resolution No. 468, as amended and supplemented by Resolution Nos. 471 and 475, issued its $912,000 Wastewater System Revenue Bond, Series 2018A (the "Series 2018A Bond"), and its $130,000 Wastewater System Revenue Bond, Series 2018B (the "Series 2018B Bond"), through the United States Department of Agriculture, Rural Development ("RD"), in order to pay for certain improvements to the Borrower's wastewater System (the "System"); and

WHEREAS, the Series 2018B Bond has been paid in full; and

WHEREAS, the Borrower pledged the revenues of the Borrower's System to the payment of the Series 2018A Bond and will obtain the consent of RD to the issuance of the Series 2024B Bond (hereafter defined) on a parity lien basis with the Series 2018A Bond; and

WHEREAS, the 2024 EPA Capitalization Grant (as hereinafter defined) requires that loans under the Program funded in whole or in part by such grant in the aggregate and not on a loan-by-loan basis be structured in such a way that a dollar amount in the aggregate equal to at least 15% of the total proceeds of such grant be subject to loan forgiveness; and

WHEREAS, the Borrower, with the advice of its engineer, has determined that the Town needs to make improvements to its System to include the replacement of sewer transmission main and has advertised for and received bids therefor (the "Series 2024 Project"); and

WHEREAS, the Borrower has applied to the DNRC for the 2024A and B Loans (as hereinafter defined) from the Revolving Fund to enable the Borrower to finance, refinance or reimburse itself for the costs of the Series 2024 Project (as hereinafter defined) which will carry out the purposes of the Clean Water Act; and

WHEREAS, the Borrower is authorized under applicable laws, ordinances and regulations to adopt this Resolution and to issue the Series 2024 Bonds (as hereinafter defined) to evidence the 2024A and B Loans (as hereinafter defined) for the purposes set forth herein; and

WHEREAS, the DNRC will fund: (i) the 2024A Loan (as hereinafter defined) from proceeds of a portion of the 2024 EPA Capitalization Grants and (ii) the 2024B Loan (as hereinafter defined) in part, directly or indirectly, with proceeds of State Bonds (as hereinafter defined) and in part, directly or indirectly, with funds provided by the United States Environmental Protection Agency under the Clean Water Act.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF FROMBERG, CARBON COUNTY, MONTANA, AS FOLLOWS:

ARTICLE I

DEFINITIONS, RULES OF CONSTRUCTION AND APPENDICES

Section 1.1 Definitions. In this Resolution, unless a different meaning clearly appears from the context or is separately defined herein, the meanings of words with initial capitalization are as defined in Town Resolution No. 468:

"Accountant" or "Accountants" means an independent certified public accountant or a firm of independent certified public accountants satisfactory to the DNRC.

"Acquisition and Construction Account" means the account created in the Wastewater System Fund pursuant to Section 11.1 hereof.

"Act" means Montana Code Annotated, Title 7, Chapter 7, Parts 44, 45 and 46, as amended, which authorizes the Borrower to own and operate the System and to finance or refinance improvements to the System.

"Administrative Expense Surcharge" means, (i) in respect of the 2024B Loan, in any event, and (ii) in respect of the 2024A Loan, upon the delivery of a Noncompliance Statement as provided by this Resolution, a surcharge equal to twenty-five hundredths of one percent (0.25%) per annum on the outstanding principal amount of the 2024 Loans from the date of each advance thereof, payable by the Borrower on a Payment Date.

"Authorized DNRC Officer" means the Director or Deputy Director of the DNRC, and, when used with reference to an act or document, also means any other individual authorized by resolution of the Department of Natural Resources and Conservation to perform such act or sign such document. If authorized by the Department of Natural Resources and Conservation, an Authorized DNRC Officer may delegate all or a portion of his authority as an Authorized DNRC Officer to another individual, and such individual shall be deemed an Authorized DNRC Officer for purposes of exercising such authority.

"Bond Counsel" means any Counsel nationally recognized as experienced in matters relating to the issuance by states or political subdivisions of tax-exempt obligations selected by the Borrower and acceptable to the DNRC.

"Bonds" means the Series 2024B Bond, the Series 2018A Bond and any Additional Bonds to be issued on a parity therewith; "Bonds" does not include the Series 2024A Bond which is subject to being forgiven as provided herein.

"Borrower" means the Town of Fromberg, Montana and its permitted successors or assigns hereunder.

"Business Day" means any day which is not a Saturday or Sunday, a legal holiday in the State or a day on which banks in Montana are authorized or required by law to close.

"Clean Water Act" means the Federal Water Pollution Control Act, 33 U.S.C. Section 1251-1387, as amended, and all regulations, rules and interpretations issued by the EPA thereunder.

"Closing" means, with respect to the Series 2024A Bond, the date of delivery thereof to the DNRC.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral Documents" means any security agreement, guaranty or other document or agreement delivered to the DNRC securing the obligations of the Borrower under this Resolution and the Series 2024 Bonds. If no Collateral Documents secure such obligations, any reference to Collateral Documents in this Resolution shall be without effect.

"Committed Amount" means the amount of the 2024 Loans committed to be lent by the DNRC to the Borrower pursuant to Section 4.1 of this Resolution, as such amount may be reduced pursuant to Sections 3.2 and 3.4 of this Resolution.

"Debt" means, without duplication, (1) indebtedness of the Borrower for borrowed money or for the deferred purchase price of property or services; (2) the obligation of the Borrower as lessee under leases which should be recorded as capital leases under generally accepted accounting principles; and (3) obligations of the Borrower under direct or indirect guarantees in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clause (1) or (2) above.

"DEQ" means the Department of Environmental Quality of the State of Montana, an agency of the State, or any successor to its powers, duties and obligations under the State Act or the EPA Agreements.

"Determination Statement" means a Forgiveness Statement or a Noncompliance Statement.

"DNRC" means the Department of Natural Resources and Conservation of the State of Montana, an agency of the State, and any successor to its powers, duties and obligations under the State Act.

"DNRC Compliance Certificate and Request" means the certificate and request substantially in the form of the attached Appendix D delivered by the DNRC to the Borrower following the final advance

of principal of the 2024A Loan, to be completed, executed and delivered by the Borrower to the DNRC pursuant to Section 5.1.2 of this Resolution.

"DNRC Forgiveness Statement" means a written statement delivered to the Borrower by the DNRC in response to a Compliance Certificate and Request that the Borrower's obligation to repay the principal of the Series 2024A Bond is forgiven.

"DNRC Noncompliance Statement" means a written statement delivered to the Borrower by the DNRC that the Borrower's obligation to repay the principal of the Series 2024A Bond is not forgiven.

"DNRC Reserve Requirement" means, as of the date of calculation, an amount equal to one-half the maximum principal and interest payable on outstanding Bonds in the current or any future fiscal year (giving effect to mandatory sinking fund redemption, if any).

"EPA" means the Environmental Protection Agency, an agency of the United States of America, and any successor to its functions under the Clean Water Act.

"EPA Agreements" means all capitalization grant agreements and other written agreements between the DEQ, DNRC and the EPA concerning the Program.

"EPA Capitalization Grant" means a grant of funds to the State by the EPA under Section 1452 of the Clean Water Act.

"Estimated Completion Date" means December 31, 2025, the date by which it is estimated by the Borrower that the 2024 Project will be substantially completed.

"Fund" means the Wastewater System Fund established pursuant to Section 11.1 hereof.

"Governmental Unit" means governmental unit as such term is used in Section 145(a) of the Code.

"Indenture" means the Indenture of Trust, dated as of June 1, 1991, between the Board of Examiners of the State and the Trustee, as such may be supplemented or amended from time to time in accordance with the provisions thereof, pursuant to which, among other things, the State Bonds are to be or have been issued.

"Loan" means a Loan made to the Borrower by the DNRC pursuant to the Program in the maximum amount of the Committed Amount to provide funds to pay all or a portion of the costs of the Project under the Program and to fund a deposit to the Series 2024 Reserve Subaccount.

"Loan Loss Reserve Surcharge" means a surcharge on the 2024 Loans charged by DNRC to the Borrower equal to twenty-five hundredths of one percent (0.25%) per annum on the outstanding principal amount of the 2024 Loan from the date of each advance thereof, payable by the Borrower on a Payment Date, except as otherwise provided for the 2024A Loan in Section 5.1 hereof.

"Loan Repayments" means periodic installments of principal and interest by Borrower in repayment of the Series 2024B Bond, and if the DNRC delivers a DNRC Noncompliance Statement, for the Series 2024A Bond, at the rates and times specified in Article V of this Resolution.

"Net Revenues" means the entire amount of the gross revenues of the System (as described in Section 11.1) remaining upon each such monthly apportionment, after crediting to the Operating Account the amount required by Section 11.3, including sums required to maintain the Operating Reserve in the minimum amount herein stated.

"Operating Account" means the account created in the Wastewater System Fund pursuant Resolution No. 468.

"Operating Expenses" means those expenses of the System defined as such in Section 11.3 of this Resolution.

"Operating Reserve" means the reserve to be maintained in the Operating Account as required by Resolution No. 468.

"Opinion of Bond Counsel" means a written opinion of Bond Counsel.

"Payment Date" means, with respect the 2024B Loan, each January 1 and July 1 during the term of the Series 2024B Bond on which a payment of interest or principal and interest is due, as determined under this Resolution, and, if a Noncompliance Statement is delivered with respect to the 2024A Loan, each January 1 and July 1 during the term of the Series 2024A Bond on which a payment of interest or principal and interest is due, as determined under this Resolution.

"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.

"Program" means the Water Pollution Control State Revolving Fund Program established by the State Act.

"Project" means an improvement, betterment, reconstruction or extension of the System, including the Series 2024 Project.

"Public Entity" means a State agency, city, town, municipality, irrigation district, county water and sewer district, a soil conservation district or other public body established by State law or an Indian tribe that has a federally recognized governing body carrying out substantial governmental duties and powers over any area.

"Regulations" means the Treasury Department, Income Tax Regulations, as amended or any successor regulation thereto, promulgated under the Code or otherwise applicable to the Series 2024 Bonds.

"Replacement and Depreciation Account" means the Account created in the Wastewater System Fund pursuant to Resolution No. 468.

"Reserve Account" means the account described in the Wastewater System Fund pursuant to Section 11.5 of this Resolution.

"Reserved Amounts" means any undisbursed Committed Amount which will or may be required to pay any remaining costs of the Project upon completion thereof as provided in Section 3.4(a.)

"Supplemental Resolution" means this Resolution, and other resolutions.

"Revenue Bond Account" means the account described in the Wastewater System Fund pursuant to Section 11.1 of this Resolution.

"Series 2018A Bond" means the Borrower's $912,000 Wastewater System Revenue Bond, Series 2018A issued to RD pursuant to Borrower Resolution No. 468, as amended and supplemented by Resolution No. 471 and 475.

"Series 2024 Bonds" means, collectively, the Series 2024A Bond and the Series 2024B Bond.

"Series 2024A Bond" means the $295,173 Subordinate Lien Wastewater System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Taxable Series 2024A, issued to the DNRC to evidence the 2024A Loan.

"Series 2024B Bond" means the $308,000 Wastewater System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2024B, issued to the DNRC to evidence the 2024B Loan.

"Series 2024 Project" means the design, financing and construction of the replacement of sewer transmission main with proceeds of the 2024 Loans, described in Appendix A hereto.

"Series 2024 Revenue Bond Subaccount" means the subaccount created in the Debt Service Account of the Wastewater Fund pursuant to Section 11.5 of this Resolution.

"Series 2024 Reserve Subaccount" means the subaccount created in the Reserve Account of the Wastewater System Fund pursuant to Section 11.1 of this Resolution.

"State" means the State of Montana.

"State Act" means Montana Code Annotated, Title 75, Chapter 5, Part 11, as amended from time-to-time.

"State Bonds" means the State's General Obligation Bonds (Water Pollution Control State Revolving Fund Program), issued or to be issued pursuant to the Indenture.

"Subordinate Obligations" means bonds from the Surplus Net Revenue of the System. Such obligations do not have a parity lien against the Net Revenues of the System.

"Subordinate Obligations Subaccount" means the subaccount within the Surplus Account in the Wastewater System Fund contemplated and created pursuant to this Resolution to provide for payment of the Series 2024A Bond, if necessary.

"Surplus Account" means the account within the Fund established pursuant to Sections 11.1 and 11.7.

"Surplus Net Revenues" shall mean that portion of the Net Revenue in excess of the current requirements of the Operating Account, the Revenue Bond Account and the Reserve Account.

"System" means the Wastewater System of the Borrower and all extensions, improvements and betterments thereof heretofore or hereafter constructed and acquired.

"Town" means the Borrower and its permitted successors or assigns hereunder.

"Trustee" means U.S. Bank National Association, in Seattle, Washington, or any successor trustee under the Indenture.

"2024 EPA Capitalization Grant" means that EPA Capitalization Grant made available to the Program from 2024 federal appropriations.

"2024A Committed Amount" means the amount of the 2024A Loan committed to be lent by the DNRC to the Borrower pursuant to Section 4.1 of this Resolution, as such amount may be reduced pursuant to Section 3.2 and Section 3.4 of this Resolution.

"2024B Committed Amount" means the amount of the 2024B Loan committed to be lent by the DNRC to the Borrower pursuant to Section 4.1 of this Resolution, as such amount may be reduced pursuant to Section 3.2 and Section 3.4 of this Resolution.

"2024B First Advance" means the first advance of funds of the 2024 Loans, which shall be made from the proceeds of the 2024B Loan by the DNRC to the Borrower in the amount of at least $50,001.

"2024 Loans" or "Loan" means, collectively, the 2024A Loan and 2024B Loan made to the Borrower by the DNRC pursuant to the Program in the maximum amount of the Committed Amount to provide funds to pay all or a portion of the costs of the Series 2024 Project and to pay costs of issuance of the Series 2024 Bonds.

"2024A Loan" means the loan made to the Borrower by the DNRC pursuant to the Program in the maximum amount of the 2024A Committed Amount to provide funds to pay a portion of the costs of the Series 2024 Project payable under the Program and to pay costs of issuance.

"2024B Loan" means the loan made to the Borrower by the DNRC pursuant to the Program in the maximum amount of the 2024B Committed Amount to provide funds to pay a portion of the costs of the Series 2024 Project payable under the Program and to pay costs of issuance.

"Undisbursed Committed Amount" means any undisbursed Committed Amount which is not required to pay costs of the Series 2024 Project upon completion thereof as provided in Section 3 of this Resolution.

"Wastewater System Fund" means the fund described in Resolution No. 468.

Section 1.2 Other Rules of Construction. For all purposes of this Resolution, except where the context clearly indicates otherwise:

(a) All accounting terms not otherwise defined herein have the meaning assigned to them in accordance with generally accepted government accounting standards.

(b) Terms in the singular include the plural and vice versa.

(c) All references to time shall refer to Mountain Standard or Daylight Savings Time, as appropriate, unless otherwise provided herein.

(d) All references to mail shall refer to first-class mail postage prepaid.

(e) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(f) "Or" is not exclusive, but is intended to permit or encompass one, more or all of the alternatives conjoined.

Section 1.3 Appendices. Attached to this Resolution and hereby made a part hereof are the following Appendices:

Appendix A: a description of the Series 2024 Project;

Appendix B-1: the form of the Series 2024A Bond;

Appendix B-2: the form of the Series 2024B Bond;

Appendix C: additional agreements and representations of the Borrower; and

Appendix D: DNRC Compliance Certificate and Request.

ARTICLE II

AUTHORIZATION, FINDINGS, REPRESENTATIONS AND COVENANTS

Section 2.1 Authorization and Findings.

(a) Authorization. Under the provisions of the Act, the Borrower is authorized to issue and sell its revenue bonds payable during a term not exceeding forty years from their date of issue, to provide funds for the reconstruction, improvement, betterment and extension of the System or to refund its revenue bonds issued for such purpose; provided that the bonds and the interest thereon are to be payable solely out of the net income and revenues to be derived from rates, fees and charges for the services, facilities and commodities furnished by the undertaking, and are not to create any obligation for the payment of which taxes may be levied except to pay for services provided by the undertaking to the Borrower.

(b) The System. The Borrower, pursuant to the Act and other laws of the State has established and presently owns and operates the System.

(c) The 2024 Project. After investigation of the facts and as authorized by the Act, this Council has determined it to be necessary and desirable and in the best interests of the Borrower to acquire and construct the Series 2024 Project.

(d) The total cost of the 2024 Project and costs of issuance of the Series 2024 Bonds and funding the reserve is estimated to be $736,674, which is anticipated to be funded by a American Rescue Plan Act grants totaling $126,001, Borrower's contribution of $7,500, and proceeds of the Series 2024 Bonds, allocated as appropriate between the Series 2024A Bond and the Series 2024B Bond. The Borrower covenants with the DNRC that from and after the 2024B First Advance it will spend the Committed Amount on costs of the Series 2024 Project before applying its own funds, if any, to costs of the Series 2024 Project.

Section 2.2 Representations. The Borrower represents as follows:

(a) Organization and Authority. The Borrower:

(1) is duly organized and validly existing as a municipal corporation of the State;

(2) has all requisite power and authority and all necessary licenses and permits required as of the date hereof to own and operate the System and to carry on its current activities with respect to the System, to adopt this Resolution and to enter into the Collateral Documents and to issue the Series 2024 Bonds and to carry out and consummate all transactions contemplated by the Resolution, the Series 2024 Bonds and the Collateral Documents;

(3) is a Governmental Unit and a Public Entity;

(4) will, prior to issuance of the Series 2024A and B Bonds, obtain the consent of RD to the issuance of the Series 2024B Bond on a parity lien basis with the Series 2018A Bond and is current on funding of its Reserve Account obligation for the Series 2018A Bond as described in Resolution No. 468; and

(5) has taken all proper action to authorize the execution, delivery and performance of its obligations under this Resolution, the Series 2024 Bonds and the Collateral Documents and the incurrence of the Debt evidenced by the Series 2024 Bonds in the maximum amount of the Committed Amount.

(b) Litigation. There is no litigation or proceeding pending, or to the knowledge of the Borrower threatened, against or affecting the Borrower in any court or before or by any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the existence, corporate or otherwise, of the Borrower, or the ability of the Borrower to make all payments and otherwise perform its obligations under the Resolution, the Series 2024 Bonds and the Collateral Documents, or the financial condition of the Borrower, or the transactions contemplated by the Resolution, the Series 2024 Bonds and the Collateral Documents or the validity and enforceability of the Resolution, the Series 2024 Bonds and the Collateral Documents. No referendum petition has been filed with respect to any resolution or other action of the Borrower relating to the Series 2024 Project, the Series 2024 Bonds or any Collateral Documents and the period for filing any such petition will have expired before issuance of the Series 2024 Bonds.

(c) Borrowing Legal and Authorized. The adoption of this Resolution, the execution and delivery of the Series 2024 Bonds and the Collateral Documents and the consummation of the transactions provided for in this Resolution, the Series 2024 Bonds and the Collateral Documents and compliance by the Borrower with the provisions of the Resolution, the Series 2024 Bonds and the Collateral Documents:

(1) are within the powers of the Borrower and have been duly authorized by all necessary action on the part of the Borrower; and

(2) do not and will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Borrower pursuant to any ordinance, resolution, indenture, loan agreement or other agreement or instrument (other than the Resolution and any Collateral Documents) to which the Borrower is a party or by which the Borrower or its property may be bound, nor will such action result in any violation of the provisions of any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the Borrower, its properties or operations are subject.

(d) No Defaults. No event has occurred and no condition exists that, upon execution and delivery of the Series 2024 Bonds and the Collateral Documents, would constitute a default under the Resolution or the Collateral Documents. The Borrower is not in violation of any term of any agreement, bond resolution, trust indenture, charter or other instrument to which it is a party or by which it or its property may be bound which violation would materially and adversely affect the transactions contemplated hereby or the compliance by the Borrower with the terms hereof or of the Series 2024 Bonds and the Collateral Documents.

(e) Governmental Consent. The Borrower has obtained or made all permits, findings and approvals required to the date of adoption of this Resolution by any governmental body or officer for the making and performance by the Borrower of its obligations under this Resolution, the Series 2024 Bonds and the Collateral Documents (including any necessary water rate increase) or for the Series 2024 Project, the financing or refinancing thereof or the reimbursement of the Borrower for the costs thereof. No

consent, approval or authorization of, or filing, registration or qualification with, any governmental authority (other than those, if any, already obtained) is required on the part of the Borrower as a condition to adopting this Resolution, issuing the Series 2024 Bonds or entering into the Collateral Documents and the performance of the Borrower's obligations hereunder and thereunder.

(f) Binding Obligation. This Resolution, the Series 2024 Bonds and any Collateral Document to which the Borrower is a party are the valid and binding special, limited obligations and agreements of the Borrower, enforceable against the Borrower in accordance with their terms, except to the extent that the enforceability thereof may be limited by laws relating to bankruptcy, moratorium, reorganization, insolvency or similar laws affecting creditors' rights and general principles of equity.

(g) The Series 2024 Project. The Series 2024 Project consists and will consist of the facilities, improvements and activities described in Appendix A, as such Appendix A may be amended from time to time in accordance with the provisions of Article III of this Resolution. The Series 2024 Project comprises facilities of a type that, as determined by the EPA, will facilitate compliance with the national Clean Water Act regulations applicable to the System or will otherwise significantly further the health protection objectives of the Clean Water Act.

(h) The System. The System is a "community wastewater System" within the meaning of the State Act and the Clean Water Act in that it is a public Wastewater System, comprising collection, treatment and discharge facilities for the provision to the public of wastewater services, that serves not less than 15 service connections used by year-round residents of the area served by the System or regularly serves not less than 25 year-round residents.

(i) Full Disclosure. There is no fact that the Borrower has not specifically disclosed in writing to the DNRC that materially and adversely affects or (so far as the Borrower can now foresee), except for pending or proposed legislation or regulations that are a matter of general public information, that will materially and adversely affect the properties, operations and finances of the System, the Borrower's status as a Public Entity and Governmental Unit, its ability to own and operate the System in the manner it is currently operated or the Borrower's ability to perform its obligations under the Resolution, the Series 2024 Bonds and the Collateral Documents and to pledge any revenues or other property pledged to the payment of the Series 2024 Bonds.

(j) Compliance With Law. The Borrower:

(1) is in compliance with all laws, ordinances, governmental rules and regulations and court or other governmental orders, judgments and decrees to which it is subject and which are material to the properties, operations and finances of the System or its status as a Public Entity and Governmental Unit; and

(2) has obtained all licenses, permits, franchises or other governmental authorizations necessary to the ownership of the System and the operation thereof and agrees to obtain all such licenses, permits, franchises or other governmental authorizations as may be required in the future for the System and the operation thereof, which failure to obtain might materially and adversely affect the ability of the Borrower to conduct the operation of the System as presently conducted or the condition (financial or otherwise) of the System or the Borrower's ability to perform its obligations under the Resolution, the Series 2024 Bonds and the Collateral Documents.

Section 2.3 Covenants.

(a) Insurance. The Borrower at all times shall keep and maintain with respect to the System property and casualty insurance and liability insurance with financially sound and reputable insurers, or self-insurance as authorized by State law, against such risks and in such amounts, and with such deductible provisions, as are customary in the State in the case of entities of the same size and type as the Borrower and similarly situated and shall carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for all such insurance. All such insurance policies shall name the DNRC as an additional insured to the extent permitted under the policy or program of insurance of the Borrower. Each policy must provide that it cannot be cancelled by the insurer without giving the Borrower and the DNRC 30 days' prior written notice. The Borrower shall give the DNRC prompt notice of each insurance policy it obtains or maintains to comply with this Section 2.3(a) and of each renewal, replacement, change in coverage or deductible under or amount of or cancellation of each such insurance policy and the amount and coverage and deductibles and carrier of each new or replacement policy. Such notice shall specifically note any adverse change as being an adverse change. The Borrower shall deliver to the DNRC at Closing a certificate providing the information required by this Section 2.3(a).

(b) Right of Inspection and Notice of Change of Location. The DNRC, the DEQ and the EPA and their designated agents shall have the right at all reasonable times during normal business hours and upon reasonable notice to enter into and upon the property of the Borrower for the purpose of inspecting the System or any or all books and records of the Borrower relating to the System.

(c) Further Assurance. The Borrower shall execute and deliver to the DNRC all such documents and instruments and do all such other acts and things as may be necessary or required by the DNRC to enable the DNRC to exercise and enforce its rights under the Resolution, the Series 2024 Bonds and the Collateral Documents and to realize thereon, and record and file and re-record and refile all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or required by the DNRC to validate, preserve and protect the position of the DNRC under the Resolution, the Series 2024 Bonds and the Collateral Documents.

(d) Maintenance of Security, if Any; Recordation of Interest.

(1) The Borrower shall, at its expense, take all necessary action to maintain and preserve the lien and security interest of the Resolution and the Collateral Documents so long as any amount is owing under the Resolution or the Series 2024 Bonds;

(2) The Borrower shall forthwith, after the execution and delivery of the Series 2024 Bonds and thereafter from time to time, cause the Resolution and any Collateral Documents granting a security interest in revenues or real or personal property and any financing statements or other notices or documents relating thereto to be filed, registered and recorded in such manner and in such places as may be required by law in order to perfect and protect fully the lien and security interest hereof and thereof and the security interest in them granted by the Resolution and, from time to time, shall perform or cause to be performed any other act required by law, including executing or causing to be executed any and all required continuation statements and shall execute or cause to be executed any further instruments that may be requested by the DNRC for such perfection and protection; and

(3) Except to the extent it is exempt therefrom, the Borrower shall pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of the documents described in subparagraph (2), and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Series 2024 Bonds and the Collateral Documents and the documents described in subparagraph (2).

(e) Additional Agreements. The Borrower covenants to comply with all representations, covenants, conditions and agreements, if any, set forth in Appendix C hereto.

(f) Financial Information. The Borrower agrees that for each Fiscal Year it shall furnish to the DNRC and the DEQ, promptly when available:

(1) the preliminary budget for the System; and

(2) when adopted, the final budget for the System.

The Borrower 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 monthly gross revenues derived from its operation, and the segregation and application of the gross revenues in accordance with the Resolution, in such reasonable detail as may be determined by the Borrower in accordance with generally accepted governmental accounting practice and principles. It will cause such books to be maintained on the basis of the same Fiscal Year as that utilized by the Borrower. The Borrower shall, within 180 days after the close of each Fiscal Year, cause to be prepared and supply to the DNRC a financial report with respect to the System for such Fiscal Year. The report shall be prepared at the direction of the financial officer of the Borrower in accordance with applicable generally accepted governmental accounting principles and, in addition to whatever matters may be thought proper by the financial officer to be included therein, shall include the following:

(i) A statement in detail of the income and expenditures of the System for the Fiscal Year, identifying capital expenditures and separating them from operating expenditures;

(ii) A balance sheet as of the end of the Fiscal Year;

(iii) The number of premises connected to the System at the end of the Fiscal Year;

(iv) The amount on hand in each account of the Fund at the end of the Fiscal Year;

(v) A list of the insurance policies and fidelity bonds in force at the end of the Fiscal Year, setting out as to each the amount thereof, the risks covered thereby, the name of the insurer or surety and the expiration date of the policy or bond; and

(vi) A determination that the report shows full compliance by the Borrower with the provisions of the Resolution during the Fiscal Year covered thereby, including proper segregation of the capital expenditures from operating expenses, maintenance of the required balance in the Reserve Account, and receipt of Net Revenues during each Fiscal Year at least equal to 110% of the maximum amount of principal and interest payable on outstanding Bonds (calculated assuming the DNRC has delivered a Forgiveness Statement) in any subsequent Fiscal Year, or, if the report should reveal that the revenues have been insufficient for compliance with the Resolution, or that the methods used in accounting for such revenues were contrary to any provision of the Resolution, the report shall include a full explanation thereof, together with recommendations for such change in rates or accounting practices or in the operation of the System as may be required.

The Borrower shall also have prepared and supplied to the DNRC and the DEQ, within 270 days of the close of every other Fiscal Year, an audit report prepared by an independent certified public accountant or an agency of the state in accordance with generally accepted governmental accounting principles and practice with respect to the financial statements and records of the System. The audit report shall include an analysis of the Borrower's compliance with the provisions of the Resolution.

(g) System Accounts. The Borrower shall maintain System accounts in accordance with generally accepted government accounting standards.

(h) Records. After reasonable notice from the EPA or the DNRC, the Borrower shall make available to the EPA or the DNRC such records as the EPA or the DNRC reasonably requires to review and determine compliance with the Clean Water Act, as provided in Section 75-5-1113(1)(c) of the Act.

(i) Compliance with Clean Water Act and Section 436 of the Appropriations Act. The Borrower has complied and shall comply with all conditions and requirements of the Clean Water Act pertaining to the 2024 Loan and the 2024 Project. The Borrower understands and agrees that the 2024 Loan is being made with funds made available to the DNRC. The Borrower has complied and shall comply with all Program requirements applicable to the 2024 Loan.

(j) Compliance with DEQ Requirements. The Borrower shall comply with plan, specification and other requirements for public wastewater Systems established by the DEQ, as required by the Act.

Section 2.4 Property Insurance. The Borrower 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 Borrower is unable to obtain insurance, it will obtain insurance in such amounts and against 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 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 revenues appropriated to the Fund. If for any reason insurance proceeds are insufficient for the repair, replacement and reconstruction of the insured

property, the Borrower shall supply the deficiency from revenues on hand in the Replacement and Depreciation Account and the Surplus Account.

Section 2.5 Liability Insurance and Surety Bonds. The Borrower will carry insurance against liability of the Borrower and its employees for injuries to persons (including death) and damage to property resulting from the construction, operation, maintenance, improvement or extension of the System in amounts not less than $100,000 for death of or personal injury to any one person, $300,000 for all personal injuries and deaths resulting from any one accident and $300,000 for property damage in any one accident. It will also cause all persons handling money and other assets of the Fund to be adequately bonded for the faithful performance of their duties and to account for and pay over such money to the Borrower. Such bond shall be in the penal sum of $10,000 or such greater amount as may from time to time be on hand in the Debt Service Account, the Reserve Account and the Replacement and Depreciation Account. 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 2.4 and Section 2.3 constitute part of the Operating Expenses of the System, but no insurance liabilities of the Borrower in excess of amounts received under such insurance and bonds shall constitute a lien or charge on revenues or any other assets herein or otherwise pledged to the Fund.

Section 2.6 Disposition of Property. The Borrower 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 then Outstanding shall be discharged as provided in Article XIV; 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; and (ii) the mortgage, lease, sale or other disposition will not prevent the Borrower 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 Fund.

Section 2.7 Cost of Insurance and Accounting. The insurance and fidelity bond premiums and the cost of the bookkeeping and audits herein provided for and of the billings and collection of the Revenues shall be payable from the Operating Account.

Section 2.8 Handling of Funds. The employees of the Borrower, under the direction and control of the Clerk, shall keep books of account and collect the rates, charges and rentals for the services and facilities provided by the System and for other money currently receivable on account thereof. All money collected with respect to the System shall be deposited daily with the Clerk. The Clerk shall be bonded at all times with a surety company authorized to do business in the State, in the amount of at least $5,000, to assure the faithful carrying out of such duties. Any failure on the part of the Clerk to comply and to enforce compliance on the part of all officers and employees concerned with the provisions of this Resolution, and with the Borrower's other regulations respecting the System, shall constitute malfeasance for which the Clerk and the surety on his or her bond shall be personally liable.

Section 2.9 Covenants Relating to the Tax-Exempt Status of the State Bonds.

(a) The Borrower covenants and agrees that it will not use or permit to be used any of the proceeds of the Series 2024 Bonds or any other funds of the Borrower in respect of the Series 2024 Project

or the Series 2024 Bonds, directly or indirectly, in a manner that would cause, or take any other action that would cause, any State Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or would otherwise cause the interest on the State Bonds to be included in gross income for purposes of federal income taxation.

(b) The Borrower agrees that it will not enter into, or allow any "related person" (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the State Bonds or any other obligations of the DNRC in an amount related to the amount of the 2024 Loans or the portion of the 2024 Loans derived directly or indirectly from proceeds of the State Bonds or that would otherwise cause any State Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code.

(c) The Borrower shall not use or permit the use of the Series 2024 Project directly or indirectly in any trade or business carried on by any Person who is not a Governmental Unit. For the purpose of this subparagraph, use as a member of the general public (within the meaning of the Regulations) shall not be taken into account and any activity carried on by a Person other than a natural person shall be treated as a trade or business.

(d) Any portion of the Series 2024 Project being refinanced or the cost of which is being reimbursed was acquired by and is now and shall, during the term of the 2024 Loans, be owned by the Borrower and not by any other Person. Any portion of the Series 2024 Project being financed shall be acquired by and shall, during the term of the 2024 Loans, be owned by the Borrower and not by any other Person. Notwithstanding the previous two sentences, the Borrower may transfer the Series 2024 Project or a portion thereof to another Governmental Unit which is also a Public Entity if such transfer is otherwise permitted under the Resolution and if such organization agrees with the DNRC to comply with Section 2.3(h), Section 2.3(i) and Section 2.4 of this Resolution and if the DNRC receives an Opinion of Bond Counsel that such transfer will not violate the State Act or the Clean Water Act or adversely affect the exclusion of interest on the State Bonds from gross income or purposes of federal income taxation. In addition, except as otherwise provided in the Resolution or in any Collateral Documents, the Borrower may sell or otherwise dispose of any portion of the Series 2024 Project which has become obsolete or outmoded or is being replaced or for other reasons is not needed by the Borrower or beneficial to the general public or necessary to carry out the purposes of the Clean Water Act.

(e) At the Closing of the 2024 Loans, the DNRC will, if necessary to obtain the Opinion of Bond Counsel described in Section 7.05(a) of the Indenture, deliver to the Borrower instructions concerning compliance by the Borrower with the arbitrage rebate requirements of Section 148 of the Code (the "Arbitrage Rebate Instructions"). The Borrower shall comply with the Arbitrage Rebate Instructions, if any, delivered to it by the DNRC at Closing, as such Instructions may be amended or replaced by the DNRC from time to time. The Arbitrage Rebate Instructions may be amended or replaced by new Arbitrage Rebate Instructions delivered by the DNRC and accompanied by an Opinion of Bond Counsel to the effect that the use of said amended or new Arbitrage Rebate Instructions will not adversely affect the excludability of interest on the State Bonds or any Additional State Bonds (except State Bonds the interest on which the State did not intend to be excluded from gross income for federal income tax purposes) from gross income of the recipients thereof for federal income tax purposes.

(f) The Borrower agrees that during the term of the 2024 Loans it will not contract with or permit any Private Person to manage the Series 2024 Project or any portion thereof except according to a

written management contract and upon delivery to the DNRC of an opinion of Bond Counsel to the effect that the execution and delivery of such management contract will not violate the State Act or the Clean Water Act or adversely affect the exclusion of interest on State Bonds from gross income or purposes of federal income taxation.

(g) The Borrower may not lease the Series 2024 Project or any portion thereof to any Person other than a Nonexempt Person which agrees in writing with the Borrower and the State not to cause any default to occur under the Resolution; provided the Borrower may lease all or any portion of the Series 2024 Project to a Nonexempt Person pursuant to a lease which in the Opinion of Bond Counsel delivered to the DNRC will not cause the interest on the State Bonds to be included in gross income for purposes of federal income taxation.

(h) The Borrower shall not change the use or nature of the Series 2024 Project if (i) such change will violate the Clean Water Act, or (ii) so long as the State Bonds are outstanding unless, in the Opinion of Bond Counsel delivered to the DNRC, such change will not result in the inclusion in gross income of interest on the State Bonds for federal income tax purposes.

Section 2.10 Maintenance of System; Liens. The Borrower shall maintain the System, including the Series 2024 Project, in good condition and make all necessary renewals, replacements, additions, betterments and improvements thereto. The Borrower shall not grant or permit to exist any lien on the Series 2024 Project or any other property making up part of the System, other than liens securing Debt where a parity or senior lien secures the Series 2024 Bonds; provided that this Section 2.10 shall not be deemed to be violated if a mechanic's or contractor's lien is filed against any such property so long as the Borrower uses its best efforts to obtain the discharge of such lien and promptly reports to the DNRC the filing of such lien and the steps it plans to take and does take to discharge of such lien.

Section 2.11 Maintenance of Existence; Merger, Consolidation, Etc.; Disposition of Assets. The Borrower shall maintain its corporate existence, except that it may consolidate with or merge into another Governmental Unit or permit one or more Governmental Units to consolidate with or merge into it or may transfer all or substantially all of its assets to another Governmental Unit and then dissolve if the surviving, resulting or transferee entity (if other than the Borrower) (i) is a Public Entity and (ii) assumes in writing all of the obligations of the Borrower under the Resolution, the Series 2024 Bonds and the Collateral Documents, and (a) such action does not result in any default in the performance or observance of any of the terms, covenants or agreements of the Borrower under the Resolution, the Series 2024 Bonds and the Collateral Documents, (b) such action does not violate the State Act or the Clean Water Act and does not adversely affect the exclusion of interest on the Series 2024 Bonds or the State Bonds from gross income for federal income tax purposes and (c) the Borrower delivers to the DNRC on the date of such action an Opinion of Bond Counsel that such action complies with this Section 2.11.

Other than pursuant to the preceding paragraph, the Borrower shall not transfer the System or any portion thereof to any other Person, except for property which is obsolete, outmoded, worn out, is being replaced or otherwise is not needed for the operation of the System, unless the provisions of (a) and (b) of the preceding paragraph are satisfied and the Borrower delivers to the DNRC an Opinion of Bond Counsel to that effect and, in addition, the DNRC consents to such transfer.

Section 2.12 Compliance with Interlocal Agreement. The Town will abide by and enforce the term so the Interlocal Agreement.

ARTICLE III
USE OF PROCEEDS; THE Series 2024 Project

Section 3.1 Use of Proceeds. The Borrower shall apply the proceeds of the 2024 Loans from the DNRC solely as follows:

(a) The Borrower shall apply the proceeds of the 2024 Loans solely to the financing or reimbursement of the costs of the Series 2024 Project as set forth in Appendix A hereto and this Section 3.1. The 2024 Loans will be disbursed in accordance with Article IV hereof and Article VII of the Indenture. If the Series 2024 Project has not been completed prior to Closing, the Borrower shall, as quickly as reasonably possible, complete the Series 2024 Project and expend proceeds of the 2024 Loans to pay the costs of completing the Series 2024 Project.

(b) No portion of the proceeds of the 2024 Loans shall be used to reimburse the Borrower for costs paid prior to the date of adoption of this Resolution of a Project the construction or acquisition of which occurred or began earlier than June 1, 1991. In addition, if any proceeds of the 2024 Loans are to be used to reimburse the Borrower for Series 2024 Project costs paid prior to the date of adoption of this Resolution, the Borrower shall have complied with Section 1.150-2 of the Regulations in respect of such costs.

(c) Any Debt to be refinanced with proceeds of the 2024 Loans was incurred after June 1, 1991 for a Project the construction or acquisition of which began after June 1, 1991. No proceeds of the 2024 Loans shall be used for the purpose of refinancing an obligation the interest on which is exempt from federal income tax or excludable from gross income for purposes of federal income taxation unless the DNRC has received an Opinion of Bond Counsel, satisfactory to it, to the effect that such refinancing will not adversely affect the exclusion of interest on the State Bonds from gross income for purposes of federal income taxation.

Section 3.2 The Series 2024 Project. Set forth in Appendix A to this Resolution is a description of the Series 2024 Project, which describes the property which has been or is to be acquired, installed, constructed or improved and the other activities, if any to be funded from the 2024 Loans (the Series 2024 Project may consist of more than one facility or activity), and an estimated budget relating to the Series 2024 Project, including the amount of proceeds of the 2024A Loan and the 2024B Loan estimated to be applied to Green Infrastructure. The Series 2024 Project may be changed and the description thereof in Appendix A may be amended from time to time by the Borrower but only after delivery to the DNRC of the following:

(a) A certificate of the Borrower setting forth the amendment to Appendix A and stating the reason therefor, including statements whether the amendment would cause an increase or decrease in the cost of the Series 2024 Project, an increase or decrease in the amount of 2024 Loans proceeds which will be required to complete the Series 2024 Project and providing that the change will not delay the construction schedule for the Series 2024 Project;

(b) A written consent to such change in the Series 2024 Project by an Authorized DNRC Officer;

(c) An Opinion or Opinions of Bond Counsel stating that the Series 2024 Project, as constituted after such amendment, is, and was at the time the State Bonds were issued, eligible for

financing under the State Act and is, and was at the time the Series 2024 Bonds were issued, eligible for financing under the Act, such amendment will not violate the State Act or the Act and such amendment will not adversely affect the exclusion of interest on the State Bonds or the Series 2024B Bond from gross income for purposes of federal income taxation. Such an Opinion of Bond Counsel shall not be required for amendments which do not affect the type of facility to be constructed or activity to be financed; and

(d) In the event the change to the Series 2024 Project has the effect of reducing the amount of the Committed Amount, the written consent of the Borrower to reallocation of the Committed Amount between the 2024A Loan and the 2024B Loan, if required by the DNRC, as described in Section 5.6 below.

The Borrower acknowledges and agrees that an increase in the principal amount of the 2024 Loans may be made only upon an application to the DEQ, the DNRC and the Trustee, in such form as the DEQ shall specify, which is approved by the DEQ and the DNRC, in their sole and absolute discretion, and adoption by the governing body of the Borrower of a resolution amendatory of or supplementary to the Resolution authorizing the additional loan and delivery of written certifications by officers of the Borrower to the DEQ, the DNRC and the Trustee to the effect that all representations and covenants contained in the Resolution as it may be so amended or supplemented are true as of the date of closing of the additional loan and compliance with applicable tests for the incurrence of such Debt. No assurance can be given that any additional loan funds will be available under the Program at the time of any such application or thereafter. The Borrower acknowledges and agrees that neither the DEQ, the DNRC, the Trustee nor any of their agents, employees or representatives shall have any liability to the Borrower and have made no representations to the Borrower as to the sufficiency of the 2024 Loans to pay costs of the Series 2024 Project or as to the availability of additional funds under the Program to increase the principal amount of the 2024 Loans.

Section 3.3 Series 2024 Project Representations and Covenants. The Borrower hereby represents to and covenants with the DNRC that:

(a) all construction of the Series 2024 Project has complied and will comply with all federal and state standards, including, without limitation, EPA regulations and standards;

(b) all construction of the Series 2024 Project has and will be done only pursuant to fixed price construction contracts. The Borrower has obtained a performance and payment bond from the contractor for each construction contract in the amount of 100% of the construction price and will ensure that such bond is maintained until construction is completed to the Borrower's, the DNRC's and the DEQ's satisfaction;

(c) all construction of the Series 2024 Project has and will be done in accordance with plans and specifications on file with the DNRC and the DEQ, provided that changes may be made in such plans and specifications with the written consent of an Authorized DNRC Officer and the DEQ;

(d) all laborers and mechanics employed by contractors and subcontractors on the Series 2024 Project have been and will be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the United States Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code;

(e) the Series 2024 Project is a project of the type permitted to be financed under the Act, the State Act and the Program and the Clean Water Act; and

(f) the Borrower will cause the Series 2024 Project to be completed as promptly as practicable with all reasonable dispatch, except only as completion may be delayed by a cause or event not reasonably within the control of the Borrower; it is estimated by the Borrower that the Series 2024 Project will be substantially completed by the Estimated Completion Date.

(g) The useful life of the Project is not less than the term of the Series 2024 Bonds.

Section 3.4 Completion or Cancellation or Reduction of Costs of the Series 2024 Project.

(a) Upon completion of the Series 2024 Project, the Borrower shall deliver to the DNRC a certificate stating that the Series 2024 Project is complete and stating the amount, if any, of the Undisbursed Committed Amount. If Appendix A describes two or more separate projects as making up the Series 2024 Project, a separate completion certificate shall be delivered for each.

(b) If all or any portion of the Series 2024 Project is cancelled or cut back or its costs are reduced or for any other reason the Borrower will not require the full Committed Amount, the Borrower shall promptly notify the DNRC in writing of such fact and the amount of the Undisbursed Committed Amount.

(c) If there is any Undisbursed Committed Amount, the DNRC reserves the right to reallocate the amount equal to the Committed Amount as reduced by the Undisbursed Committed Amount between the 2024A Loan and the 2024B Loan.

ARTICLE IV

THE 2024 LOANS

Section 4.1 The 2024 Loans; Disbursement of 2024 Loans.

(a) The DNRC has agreed to lend to the Borrower, from time to time as the requirements of this Section 4.1 are met, an amount up to (i) $295,173 (the "2024A Committed Amount") and (ii) $308,000 (the "2024B Committed Amount") for the purposes of financing or reimbursing the Borrower for a portion of the costs of the Series 2024 Project; provided the DNRC shall not be required to loan any proceeds of the State Bonds to the Borrower after the Estimated Completion Date. The Committed Amount may be reduced as provided in Section 3.2 and Section 3.4 of this Resolution and subject to the operation of Section 5.6.

(b) The DNRC intends to disburse the 2024 Loans through the Trustee. In consideration of the issuance of the Series 2024 Bonds by the Borrower, the DNRC shall make, or cause the Trustee to make, a disbursement of all or a portion of the 2024 Loans upon receipt of the following documents:

(1) an Opinion of Bond Counsel as to the Series 2024A Bond and an Opinion of Bond Counsel as to the validity and enforceability of the Series 2024B Bond and the security therefor and stating in effect that interest on the Series 2024B Bond is not includable in gross income of

the owner thereof for purposes of federal income taxation, in form and substance satisfactory to the DNRC;

(2) the Series 2024A Bond and the Series 2024B Bond, fully executed and authenticated;

(3) a certified copy of this Resolution;

(4) any other security instruments or documents required by the DNRC or DEQ as a condition to their approval of the 2024 Loans;

(5) if all or part of a 2024 Loan is being made to refinance a Project or reimburse the Borrower for the costs of a Project paid prior to the Closing, evidence, satisfactory to the DNRC and the Bond Counsel referred to in (1) above, (A) that the acquisition or construction of the Project was begun no earlier than June 1, 1991 or the debt was incurred no earlier than June 1, 1991, (B) of the Borrower's title to the Project, (C) of the costs of such Project and that such costs have been paid by the Borrower and (D) if such costs were paid before adoption of this Resolution that the Borrower has complied with Section 1.150-2 of the Regulations;

(6) the items required by the Indenture for the portion of the 2024 Loans to be disbursed at Closing; and

(7) such other certificates, documents and other information as the DNRC, the DEQ or the Bond Counsel giving the opinion referred to in subparagraph (1) may require (including any necessary arbitrage rebate instructions).

(c) In order to obtain a disbursement of the 2024 Loans to pay costs of the Project, the Borrower shall submit to the DNRC and the Trustee a signed request for disbursement on the form prescribed by the DNRC, with all costs which have been legally incurred and are due and payable. All Loan disbursements will be made to the Borrower only upon proof that cost was legally incurred. The disbursements of the 2024 Loans will be requested by the Borrower in the form required by the DNRC so that it is received by the DNRC by the date that is no later than ten Business Days prior to the date desired by the Borrower for the closing of the Series 2024 Bonds.

(d) Provided that the 20__ EPA Capitalization Grants are available to the Program, from and after the 2024B First Advance, the 2024 Loans shall be disbursed, subject to the other terms and conditions of this Resolution, in the following order:

(1) First, at the Closing, the 2024B First Advance will be advanced from the 2024B Loan.

(2) Second, after the 2024B First Advance has been disbursed to the Borrower, the entire amount of the 2024A Loan may then be disbursed to the Borrower as and when needed. For the avoidance of doubt, any amounts of the 2024 Loans to be disbursed at Closing in excess of the 2024B First Advance will be disbursed as proceeds of the 2024A Loan to the extent of the 2024A Committed Amount.

(3) Third, after the entire principal amount of the 2024A Loan has been disbursed to the Borrower, the remaining amount of the 2024B Loan will be disbursed to the Borrower as and when needed.

(e) The Borrower shall submit the request for the 2024B First Advance in the form required by the DNRC so that it is received by the DNRC in sufficient time for the DNRC to process the information by the date desired by the Borrower for the making of the 2024B First Advance. The Borrower shall not be entitled to, and the DNRC shall have no obligation to make, the 2024B First Advance or any subsequent advance of amounts under the 2024B Loan until such time as the Borrower shall have set aside and funded the Series 2024 Reserve Subaccount in an amount then required to satisfy the Reserve Requirement.

(f) If all or a portion of the 2024 Loans is made to reimburse a Borrower for Series 2024 Project costs paid by it prior to Closing, the Borrower shall present at Closing the items required by Section 4.1(b) of this Resolution relating to such costs. The Trustee shall disburse such amounts to the Borrower pursuant to a disbursement schedule complying with the requirements of the Clean Water Act established by the DNRC and the Borrower at the Closing.

(g) Notwithstanding anything else provided herein, the Trustee shall not be obligated to disburse the 2024 Loans any faster or to any greater extent than it has available the 20__ EPA Capitalization Grant, Bond proceeds and other amounts available therefor in the Revolving Fund. The DNRC shall not be required to do "overmatching" pursuant to Section 5.04(b) of the Indenture, but may do so in its discretion. The Borrower acknowledges that if Project costs are incurred faster than the Borrower projected at Closing, there may be delays in making 2024 Loans disbursements for such costs because of the schedule under which EPA makes the 20__ EPA Capitalization Grant money available to the DNRC. The DNRC will use its best efforts to obtain an acceleration of such schedule if necessary.

(h) Upon making each 2024A Loan disbursement and 2024B Loan disbursement, the Trustee shall note such disbursement on Schedule A to the Series 2024A Bond and Series 2024B Bond, respectively. A Schedule A reflecting the amount of the 2024B First Advance will first be attached to the Series 2024B Bond at Closing.

(i) The Borrower agrees that it will deposit in the Series 2024 Reserve Subaccount upon receipt thereof, on the date of the 2024B First Advance and any subsequent disbursement dates, any proceeds of the 2024B Loan borrowed for the purpose of increasing the balance in the Series 2024 Reserve Subaccount to the Reserve Requirement. The Borrower further acknowledges and agrees that any portions of the 2024 Loans representing capitalized interest shall be advanced only on Payment Dates and shall be transferred by the Trustee on the Payment Date directly to the Revenue Bond Account. The amount of any such transfer shall be a credit against the interest payments due on the Series 2024 Bonds and interest thereon shall accrue only from the date of transfer.

(j) Compliance by the Borrower with its representations, covenants and agreements contained in this Resolution and the Collateral Documents shall be a further condition precedent to the disbursement of the 2024 Loans in whole or in part. The DNRC and the Trustee, in their sole and absolute discretion, may make one or more disbursements, in whole or in part, notwithstanding such noncompliance, and without liability to make any subsequent disbursement of the 2024 Loans.

Section 4.2 Commencement of 2024 Loan Term. The Borrower's obligations under this Resolution and the Collateral Documents shall commence on the date hereof unless otherwise provided in this Resolution. However, the obligation to make payments under Article V hereof shall commence only upon the first disbursement by the Trustee of the 2024B Loan proceeds.

Section 4.3 Termination of 2024 Loan Term. The Borrower's obligations under this Resolution and the Collateral Documents in respect of the Series 2024 Bonds shall terminate upon payment in full of all amounts due under the Series 2024 Bonds and this Resolution; provided, however, that the covenants and obligations provided in Article VII and Section 12.3 of this Resolution shall survive the termination of this Resolution.

Section 4.4 2024 Loan Closing Submissions. On or prior to the Closing, the Borrower will have delivered to the DNRC and the Trustee the closing submissions required by Section 7.05 of the Indenture.

ARTICLE V

REPAYMENT OF 2024 LOANS

Section 5.1 Repayment of 2024 Loans. The Borrower shall repay the amounts lent to it pursuant to Section 4.1 hereof in accordance with this Section 5.1.

5.1.1. Interest and Surcharges. Until a Determination Statement is delivered by the DNRC to the Borrower and so long as the Borrower's obligation to repay the principal of the 2024A Loan is forgiven as provided in Section 5.1.2 below, amounts disbursed by the DNRC under Section 4.1 hereof that are evidenced by (i) the Series 2024A Bond bear interest at the rate of zero percent (0.00%) per annum from the date of each advance; and (ii) the Series 2024B Bond bear interest at the rate of two percent (2.00%) per annum on the unpaid balance plus a Loan Loss Reserve Surcharge and an Administrative Expense Surcharge on the outstanding principal amount of the Series 2024B Bond at the rate of twenty-five hundredths of one-percent (0.25%) and twenty-five hundredths of one percent (0.25%) respectively, per annum; provided, however, if the DNRC delivers to the Borrower a Noncompliance Statement, then all principal of the Series 2024A Bond advanced by the DNRC shall be payable and amounts disbursed by the DNRC under Section 4.1 hereof that are evidenced by the Series 2024A Bond shall bear interest at the rate of two percent (2.00%) per annum and in addition the Borrower shall pay the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge from the date of each advance under the Series 2024A Bond. If the obligation of the Borrower to repay the principal amount of the 2024A Loan is not forgiven under Section 5.1.2 below, for purposes of this Resolution and the Program, with respect to the 2024A Loan, the term "interest on the 2024A Loan" when not used in conjunction with a reference to any surcharges, shall include the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge. The Borrower shall pay all Loan Repayments and surcharges in lawful money of the United States of America to the DNRC. Interest, Administrative Expense Surcharge, and Loan Loss Reserve Surcharge shall be calculated on the basis of a year of 360 days comprising 12 months of 30 days each.

5.1.2. Repayment of 2024A Loan; Principal Forgiveness.

(a) The Borrower is obligated to repay the principal of and interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the 2024A Loan, unless the DNRC forgives the Borrower's obligation to repay the principal of the 2024A Loan as provided in Section 5.1.2(b). Subject

to the provisions of Section 5.1.2(b), the Loan Repayments and the Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the 2024A Loan shall be due on each Payment Date, as follows:

(1) interest and the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge on the outstanding principal balance of the 2024A Loan shall be payable from and after the date of each advance of principal of the 2024A Loan on each Payment Date at the rate of 2.50% per annum, beginning on the first Payment Date following the date of delivery by the DNRC of a Noncompliance Statement and concluding on July 1, 2054 and

(2) the principal of the 2024A Loan shall be repayable on each Payment Date, beginning on the Payment Date that is the first to occur following delivery by the DNRC of a Noncompliance Statement, and concluding on July 1 2054, and the amount of each principal payment shall be calculated on the basis of a substantially level debt service at the rate of 2.50% per annum; provided that principal of the 2024A Loan is payable only in amounts that are multiples of $1,000.

(b) Notwithstanding Section 5.1.2(a), so long as the Borrower is proceeding diligently to completion of the Series 2024 Project through the final advance of principal of the 2024B Loan and the Borrower has executed and delivered the DNRC Compliance Certificate and Request to the DNRC in form and substance satisfactory to the DNRC and the DEQ within thirty (30) days after the date that the DNRC Compliance Certificate and Request is provided to the Borrower by the DNRC, the DNRC will, following review and approval of the DNRC Compliance Certificate and Request, deliver to the Borrower a Forgiveness Statement and the Borrower will thereafter have no obligation to repay amounts advanced under the Series 2024A Bond or interest or surcharges thereon and the Series 2024A Bond will be marked "CANCELLED" and returned by the DNRC to the Borrower. However, in the event the Borrower fails to deliver timely the DNRC Compliance Certificate and Request, or the Borrower cannot submit the DNRC Compliance Certificate and Request because it cannot make the certifications required therein, or the DNRC Compliance Certificate and Request is delivered in a form that deviates materially from that attached hereto as Appendix D as determined in the sole and complete discretion of the DNRC or the DEQ, or the DNRC or the DEQ determine at any time that the Series 2024 Project or any portion thereof or of the work relating thereto fails to comply with Program requirements, then the DNRC will deliver to the Borrower a Noncompliance Statement. Upon delivery of a DNRC Noncompliance Statement by the DNRC to the Borrower, all principal advanced or to be advanced under the Series 2024A Bond, together with interest, Administrative Expense Surcharge, and Loan Loss Reserve Surcharge thereon from the date of each advance, shall be payable as provided in Section 5.1.2 (a). Notwithstanding Section 5.1.2(a), until the delivery by the DNRC to the Borrower of a Determination Statement, the obligation of the Borrower to repay the principal advanced under Series 2024A Bond shall be deferred until the Payment Date first occurring after delivery of a Determination Statement and, until such time, interest on amounts advanced under the Series 2024A Bond will be deemed to be at the rate of zero percent (0.00%) per annum.

(c) In addition, in the event the DNRC delivers a DNRC Noncompliance Statement (i) the Series 2024A Bond will continue in effect as a Subordinate Obligation, and (ii) the Borrower will forthwith comply with the rate covenant set forth in Section 6.7 of this Resolution, and, if necessary, increase the rates and charges of the System to satisfy such rate covenant as soon as practicable and in any event no later than three (3) months after the date of delivery to the Borrower by the DNRC of a Noncompliance Statement.

5.1.3. Repayment of 2024B Loan. The Loan Repayments on the 2024B Loan from and after the 2024B First Advance and all subsequent advances of the 2024B Loan are as follows:

(1) interest on the outstanding principal balance of the 2024B Loan shall be payable on each Payment Date, beginning on January 1, 2025 and concluding on July 1, 2054 at the rate of 2.00% per annum;

(2) the Borrower shall also pay on each Payment Date, beginning January 1, 2025 and concluding on July 1, 2054, the Administrative Expense Surcharge of twenty-five hundredths of one-percent (0.25%) per annum and the Loan Loss Reserve Surcharge of twenty-five hundredths of one percent (0.25%) per annum; and

(3) the principal of the 2024B Loan shall be repayable on each Payment Date, beginning on January 1, 2025 and concluding on July 1, 2054, and the amount of each principal payment shall be calculated on the basis of substantially level debt service at an interest rate of 2.50% per annum; provided that principal of the 2024B Loan is payable only in amounts that are multiples of $1,000.

5.1.4. Details Regarding 2024 Loan Repayments. Loan Repayments and the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge on the Series 2024B Loan and, if applicable, on the 2024A Loan, shall be due on the dates specified above and on the dates and in the amounts shown in Schedule B to each of the Series 2024B Bond and, if applicable, the Series 2024A Bond, as such Schedule B shall be modified from time to time as provided in Sections 5.1.2 and 5.1.3 and below. Schedule B will first be attached to the Series 2024A Bond and the Series 2024B Bond at Closing. The portion of each such Loan Repayment consisting of principal and the portion consisting of interest and the amount of each Administrative Expense Surcharge and the amount of each Loan Loss Reserve Surcharge shall be set forth on Schedule B to the Series 2024B Bond and the portion of each Loan Repayment consisting of principal and the portion consisting of interest and the amount of each Administrative Expense Surcharge and the amount of each Loan Loss Reserve Surcharge shall be set forth in Schedule B to the Series 2024A Bond (if appropriate). Upon each disbursement of 2024 Loan amounts to the Borrower pursuant to Section 4.1 hereof, the Trustee shall enter or cause to be entered the amount advanced on Schedule A to the applicable Series 2024A Bond and the Series 2024B Bond under "Advances" and the total amount advanced under Section 4.1, including such disbursement, under "Total Amount Advanced."

Interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge in respect of the Series 2024B Bond on such advance shall accrue from the date the advance is made at the rate of 2.50% per annum and shall be payable on each Payment Date thereafter. If the DNRC shall have delivered a DNRC Noncompliance Statement, then the Schedule B to the Series 2024A Bond shall reflect interest and surcharges on amounts advanced under the Series 2024A Bond at 2.50% per annum, as may be revised to reflect the full principal amount advanced under the Series 2024A Bond, the initial Payment Date, and the periodic total loan payment, and the Trustee shall send a copy of such schedules to the Borrower within one month after delivery by the DNRC of the DNRC Noncompliance Statement. If the DNRC delivers a DNRC Forgiveness Statement, Schedule B to the Series 2024A Bond will be disregarded and of no effect.

Past-due Loan Repayments and the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge shall bear interest at the rate of ten percent (10.00%) per annum, until paid.

Any payment of principal and interest as to the Series 2024B Bond and, if applicable, the Series 2024A Bond, and the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge as to the Series 2024A Bond and the Series 2024B Bond, if applicable, under this Section 5.1 shall be credited against the same payment obligation under each of the Series 2024B Bond and, if applicable, the Series 2024A Bond.

Section 5.2 Additional Payments. The Borrower shall also pay, within 30 days after receipt of a bill therefor, from any legally available funds therefor, including proceeds of the 2024 Loans, if the Borrower so chooses, all reasonable expenses of the DNRC and the Trustee in connection with the 2024 Loans, the Collateral Documents and the Series 2024 Bonds, including, but not limited to:

(a) the cost of reproducing this Resolution, the Collateral Documents and the Series 2024 Bonds;

(b) the fees and disbursements of bond counsel and other Counsel utilized by the DNRC and the Trustee in connection with the 2024 Loans, the Resolution, the Collateral Documents and the Series 2024 Bonds and the enforcement thereof; and

(c) all taxes and other governmental charges in connection with the execution and delivery of the Collateral Documents or the Series 2024 Bonds, whether or not the Series 2024 Bonds are then outstanding, including all recording and filing fees relating to the Collateral Documents and the pledge of the State's right, title and interest in and to the Series 2024 Bonds, the Collateral Documents and the Resolution (and with the exceptions noted therein) and all expenses, including attorneys' fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the provisions hereof or thereof.

Section 5.3 Prepayments. The Borrower may not prepay all or any part of the outstanding principal amount of the Series 2024B Bond and, if applicable, the Series 2024A Bond, unless (i) a Determination Statement has been delivered, (ii) it obtains the prior written consent of the DNRC thereto, and (iii) no Loan Repayment or Administrative Expense Surcharge or Loan Loss Reserve Surcharge is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest and, if applicable, Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal prepaid. If the Series 2024 Bonds are prepaid in part pursuant to this Section 5.3, such prepayments shall be applied to principal payments in inverse order of maturity.

Section 5.4 Obligations of Borrower Unconditional. The obligations of the Borrower to make the payments required by the Resolution and the Series 2024 Bonds and to perform its other agreements contained in the Resolution, the Series 2024 Bonds and Collateral Documents shall be absolute and unconditional, except as otherwise provided herein or in such documents. The Borrower (a) shall not suspend or discontinue any payments provided for in the Resolution and the Series 2024 Bonds, (b) shall perform all its other agreements in the Resolution, the Series 2024 Bonds and the Collateral Documents and (c) shall not terminate the Resolution, the Series 2024 Bonds or the Collateral Documents for any cause, including any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Series 2024 Project or the System, commercial frustration of purpose, any dispute with the DNRC or the EPA, any change in the laws of the United States or of the State or any political subdivision

of either or any failure of the DNRC to perform any of its agreements, whether express or implied, or any duty, liability or obligation arising from or connected with the Resolution.

Section 5.5 Limited Liability. All payments of principal of and interest on the 2024 Loans and other payment obligations of the Borrower hereunder and under the Series 2024 Bonds shall be special, limited obligations of the Borrower payable, with respect to the Series 2024B Bond, solely out of the Net Revenues and, with respect to the Series 2024A Bond, solely out of Surplus Net Revenues and shall not, except at the option of the Borrower and as permitted by law, be payable out of any other revenues of the Borrower. The obligations of the Borrower under the Resolution and the Series 2024 Bonds shall never constitute an indebtedness of the Borrower within the meaning of any state constitutional provision or statutory or charter limitation and shall never constitute or give rise to a pecuniary liability of the Borrower or a charge against its general credit or taxing power. The taxing powers of the Borrower may not be used to pay principal of or interest on the Series 2024 Bonds, and no funds or property of the Borrower other than the Net Revenues or Surplus Net Revenues, as applicable, may be required to be used to pay principal of or interest on the Series 2024 Bonds.

Section 5.6 Reallocation of 2024 Loans. The Borrower understands that the principal amounts of the 2024 Loans have been sized based on the understanding and expectation that the Series 2024 Project costs at least $603,173 and that the Borrower will request disbursement of the full amount of the 2024A Loan and the 2024B Loan. Notwithstanding any provision to the contrary herein, the Borrower acknowledges and agrees that in the event there is any Undisbursed Committed Amount, then the DNRC reserves the right in its sole and complete discretion to reallocate loan amounts as between the 2024A and B Loans on the basis of the amounts of the 2024A and B Loans that the Borrower would have been entitled to had the 2024 Loans initially equaled the Committed Amount less the Undisbursed Committed Amount. The reallocation between the 2024A and B Loans will reflect the same proportions of the 2024 Loans originally allocated to the 2024A and B Loans. Upon making such reallocation, the DNRC shall deliver to the Borrower a replacement Series 2024A and B Bond reflecting adjusted principal amounts, which bonds shall supersede and render of no effect the original bonds and be payable on the same dates as described in the original bonds, but in an adjusted amount owing on each Payment Date because of the reallocation of principal amounts. The Borrower shall execute and deliver the replacement Series 2024A and B Bonds to the DNRC within thirty (30) days after delivery of such bonds to the Borrower by the DNRC. Contemporaneous with the delivery of the replacement Series 2024A and B Bonds to the DNRC by the Borrower, the Borrower shall determine whether the Net Revenues of the System total at least 110% of the maximum principal of and interest payable on the Series 2024 Bonds and other Bonds outstanding in any Fiscal Year, and, if they do not, the Borrower shall increase its rates and charges to satisfy the rate covenant set forth in Section 6.7 below, within three (3) months after the date of delivery of the replacement Series 2024A and B Bonds to the DNRC by the Borrower.

ARTICLE VI

OTHER AGREEMENTS OF BORROWER

Section 6.1 Competing Service. The Borrower will not establish or authorize the establishment of any other system for the public supply of service or services in competition with any or all of the services supplied by the facilities of the System.

Section 6.2 Billing. The charges for wastewater 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 water service to the premises involved shall be discontinued and shall not be resumed until payment of all past due bills for water service and compliance with all such rules and regulations. The Borrower shall take appropriate legal action to collect the unpaid charges, including, to the extent now or hereafter authorized by law, making the charge a lien against the real property served by the water connection for which the charge remains unpaid and causing charges with respect to such properties to be collected in the same manner as taxes levied against property within the Borrower.

Section 6.3 Remedies. The DNRC, so long as it owns the Series 2024 Bonds, or the owners of not less than 25% in principal amount of the outstanding Bonds issued and secured under the provisions of this Resolution shall have the right, either at law or in equity, through suit, action or other proceedings, to protect and enforce the rights of all owners of such Bonds and to compel the performance of any and all of the covenants required herein to be performed by the Borrower, and its officers and employees, including but not limited to the fixing and maintaining of rates, fees and charges and the collection and proper segregation of gross revenues and the application and use thereof. The owners of a majority in principal amount of such outstanding Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Bondowners 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, premium, or interest on any Bond when due. However, nothing herein shall impair the absolute and unconditional right of the owner of each such Bond to receive payment of the principal of, premium, if any, and interest on such Bond as such principal and interest respectively become payable, 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 Borrower with power to charge and collect rates, fees and charges sufficient to provide for the payment of any Bonds or obligations outstanding against the System, and to apply the gross revenues in conformity with this Resolution and the laws of the State.

Section 6.4 Rate Covenant. While any Bonds are outstanding and unpaid, the rates, charges and rentals for all services and facilities furnished and made available by the System to the Borrower and its inhabitants, and to all customers within or without the boundaries of the Borrower, shall be reasonable and just, taking into consideration the cost and value of the System and the cost of maintaining and operating them, and the amounts necessary for the payment of all Bonds and the interest accruing thereon, and the proper and necessary allowances for the Reserve Account and depreciation of the System, and no free service shall be provided to any person or corporation. In accordance with DNRC's Program requirements, as provided in Montana Code Administrative Rule 36.23.111(1)(c), the Borrower covenants that the rates, charges and rentals to be charged to all recipients of water services shall be maintained and shall be revised, whenever and as often as may be necessary, according to schedules such that the revenues for each fiscal year will be at least sufficient to pay the current expenses of operation and maintenance as herein defined, to maintain the Operating Reserve herein established, to maintain the Reserve Requirement as redefined herein, to pay the principal and interest on any Subordinate Obligations, to provide reserves for the replacement and depreciation of the System and to produce Net Revenues during each fiscal year commencing after the fiscal year ending June 30, 2024, not less than 110% of the maximum annual principal and interest payable on any outstanding Revenue Bonds in the current or any future fiscal year

and to produce Surplus Net Revenues during each fiscal year commencing with the fiscal year in which the DNRC delivers a DNRC Noncompliance Statement in an amount at least sufficient to pay the principal of and interest on the Series 2024A Bond as and when due.

For purposes of construing the foregoing sentence, principal of and interest on the Series 2024A Bond shall initially be disregarded. However, in the event the Borrower's obligation to repay the principal of the Series 2024A Bond is not forgiven as described in Section 5.1.2 of this Resolution, the Borrower shall forthwith, and, in any event, within three months after the date of delivery by the DNRC to the Borrower of an DNRC Noncompliance Statement, cause the rates, charges and rentals to be charged to all recipients of water services to be maintained and to be revised whenever and as often as may be necessary, according to schedules such that (i) Revenues for each Fiscal Year will be at least sufficient to pay the principal of and interest on all Bonds payable from the Revenues derived in such Fiscal Year, to establish and maintain the Reserve Requirement, to pay promptly the reasonable and current Operating Expenses, to pay the principal of and interest on any Subordinate Obligations (including, without limitation, all Outstanding principal of the Series 2024A Bond with interest thereon at 2.50% per annum) and to provide reserves for the repair and replacement of the System, and (ii) Net Revenues for each Fiscal Year commencing after June 30, 2024 will be equal to at least 110% of the maximum Principal and Interest of Revenue Bonds for all future Fiscal Years during which any Revenue Bonds will be outstanding. The establishment of the percentage of Net Revenues and the provision of adequate Net Revenues to pay Subordinate Obligations contained above in this paragraph have been deemed necessary in order to sell the Bonds and Subordinate Obligations upon terms most advantageous to the Borrower.

If at the close of any fiscal year the Net Revenues actually received during such year have been less than required hereby, the Borrower will forthwith prepare a schedule of altered rates, charges and rentals which are just and equitable and sufficient to produce Net Revenues and Surplus Net Revenues in such amount, and will do all things necessary to the end that such schedule will be placed in operation at the earliest possible date.

The Series 2024A Bond is a Subordinate Lien Taxable Obligation payable from Surplus Net Revenues as described in Section 10.3 of this Resolution. Any Revenues or Net Revenues segregated to pay such Subordinate Obligations in the Fund are subject to the prior appropriation thereof to the Operating Account, the Revenue Bond Account or the Reserve Account if necessary to meet the requirements thereof.

The establishment of the above ratio of Net Revenues available for the Revenue Bond Account and the provision for adequate Surplus Net Revenues in the event the Borrower's obligation to repay the principal of the Series 2024A Bond is not forgiven are deemed necessary for the DNRC to make the 2024 Loans to the Borrower upon terms most advantageous. The excess of the Net Revenues over the annual principal and interest and Reserve Requirements of the Series 2024 Bonds may be used as authorized in Section 11.6 and 11.7 of this Resolution. The Series 2024 Bonds may be prepaid according to their terms on any date, and in the estimation of the governing body of the Borrower any excess, prior to that date, of Net Revenues over principal and interest payments actually due and the balance required to be maintained in the Reserve Account, will be needed to pay or to provide reserves for payment of replacements, renewals and improvement costs, in order to provide adequate service for the present population and the increase thereof reasonably to be expected; and after that date, any excess not required for such purposes in the judgment of the governing body of the Borrower may be used to prepay the Series 2024A Bond and thereby reduce the interest cost thereon to the Borrower and to the persons served by the System.

Section 6.5 Appointment of Superintendent. In the event of default on the part of the Borrower in the payment of principal of or interest on any Bond promptly as each falls due, or in the keeping of any covenants herein contained, and if such default shall continue for a period of 60 days, the governing body of the Borrower will appoint a special superintendent for the System, with the power and responsibility to operate the System for the Borrower, and to recommend to the governing body of the Borrower such revisions of the rates and charges and operating policies as may be necessary to comply with this Resolution, and to assure that the Net Revenues will be sufficient to pay all principal of and interest on Bonds, and he shall in all things so operate the System as to comply fully with all the requirements and provisions of this Resolution. The right of the owners of the Bonds to require employment of such a superintendent shall not be exclusive, and in the event of default as herein outlined, such owner or owners shall have the right to proceed at law or in equity, in any form of action which shall to them seem appropriate.

ARTICLE VII

INDEMNIFICATION OF DNRC AND DEQ

The Borrower shall, to the full extent permitted by law, indemnify and save harmless the DNRC and the DEQ and their officers, employees and agents (each an "Indemnified Party" or, collectively, the "Indemnified Parties") against and from any and all claims, damages, demands, expenses, liabilities and losses of every kind asserted by or on behalf of any Person arising out of the acts or omissions of the Borrower or its employees, officers, agents, contractors, subcontractors, or consultants in connection with or with regard or in any way relating to the condition, use, possession, conduct, management, planning, design, acquisition, construction, installation or financing of the Series 2024 Project. The Borrower shall also, to the full extent permitted by law, indemnify and save harmless the Indemnified Parties against and from all costs, reasonable attorneys' fees, expenses and liabilities incurred in any action or proceeding brought by reason of any such claim or demand. If any proceeding is brought against an Indemnified Party by reason of such claim or demand, the Borrower shall, upon notice from an Indemnified Party, defend such proceeding on behalf of the Indemnified Party.

ARTICLE VIII

ASSIGNMENT

Section 8.1 Assignment by Borrower. The Borrower may not assign its rights and obligations under the Resolution or the Series 2024 Bonds.

Section 8.2 Assignment by DNRC. The DNRC will pledge its rights under and interest in the Resolution, the Series 2024 Bonds and the Collateral Documents (except to the extent otherwise provided in the Indenture) as security for the payment of the State Bonds and may further assign such interests to the extent permitted by the Indenture, without the consent of the Borrower.

Section 8.3 State Refunding Bonds. In the event the State Bonds and Additional State Bonds are refunded by bonds which are not Additional State Bonds, all references in the Resolution to State Bonds and Additional State Bonds shall be deemed to refer to the refunding bonds and any bonds of the State on a parity with such refunding bonds (together, the "Refunding Bonds") or, in the case of a crossover

refunding, to the State Bonds and Additional State Bonds and the Refunding Bonds. In the event the State Bonds are refunded by an issue of Additional State Bonds, all references in the Resolution to the State Bonds shall be deemed to refer to such Additional State Bonds or, in the case of a crossover refunding, both the State Bonds and such Additional State Bonds.

ARTICLE IX

THE SERIES 2024 BONDS

Section 9.1 Authorization. Under the provisions of the Enabling Act, the Borrower is authorized to issue and sell its revenue bonds for the design, construction and financing of the Series 2024 Project with such Bonds payable during a term not exceeding 30 years.

Section 9.2 Outstanding Wastewater Debt. The Series 2018A Bond is currently outstanding and has a parity lien on the Net Revenues with the Series 2024B Bond. No other Bonds or indebtedness are outstanding that are payable from the Wastewater Revenues of the System.

Section 9.3 Net Revenues Available. The Borrower is authorized to charge just and equitable rates, charges and rentals for all services directly or indirectly furnished by the System, and to pledge and appropriate to the Series 2024B Bond the Net Revenues, on a parity basis with the Series 2018A Bond (and, in respect of the Series 2024A Bond, if necessary, the Surplus Net Revenues) to be derived from the operation of the System, including improvements, betterments or extensions thereof hereafter constructed or acquired. The Borrower agrees to establish its rates and charges such that the Net Revenues available are sufficient to pay (after payment of the System Operation and Maintenance expenses and meeting the Reserve Requirement) 110% of the maximum principal of and interest on the outstanding Bonds issued in the current or any future fiscal year. The Net Revenues to be produced by such rates, charges and rentals during the term of the Series 2024 Bonds are expected to be more than sufficient to pay the principal and interest when due on the Series 2024B Bond and to create and maintain reasonable reserves therefor and to provide an adequate allowance for replacement and depreciation, as prescribed herein. For purposes of the foregoing statement, principal of and interest on the 2024A Loan is disregarded. The Borrower acknowledges and agrees that if the DNRC delivers a Noncompliance Statement to the Borrower as provided in Section 5.1.2 as determined in the sole and complete discretion of the DNRC, then principal and interest and surcharges will become due and owing on the 2024A Loan evidenced by the Series 2024A Bond as provided in Section 5.1 and the Borrower shall thereupon, and no later than three (3) months after delivery of such a statement, to the extent required by Section 6.7 hereof, adjust its schedule of fees, rates, and charges applicable to the System to cause Net Revenues and Surplus Net Revenues to be produced in an amount at least equal to at least 110% of the maximum principal and interest payments payable on outstanding Bonds in the current or any future fiscal year.

Section 9.4 Issuance and Sale of the Series 2024 Bonds. The Council has investigated the facts necessary and hereby finds, determines and declares it to be necessary and desirable for the Borrower to issue the Series 2024 Bonds to evidence the 2024 Loans. The Series 2024 Bonds are issued to the DNRC without public sale pursuant to Montana Code Annotated, Section 7-7-4433(2)(a).

Section 9.5 Terms. The Series 2024A Bond and the Series 2024B Bond shall be in the maximum principal amount equal to the original 2024A Committed Amount and 2024B Committed Amount, respectively, shall each be issued as a single, fully registered bond numbered R-1, shall be dated as of the

date of delivery to the DNRC, and shall bear interest at the rate charged by the DNRC on the 2024A Loan and 2024B Loan, respectively. The principal of and interest on the Series 2024B Bond, and, if applicable, the principal of and interest on the Series 2024A Bond and any Administrative Expense Surcharge and Loan Loss Reserve Surcharge on the Series 2024A Bond and the Series 2024B Bond shall be payable on the same dates and in the same amounts on which Loan Repayments are payable. Advances of principal of the Series 2024A Bond or Series 2024B Bond shall be deemed made when advances of the 2024A Loan or 2024B Loan, respectively, are made under Section 4.1, and such advances shall be payable in accordance with Schedule B to the Series 2024B Bond and, if applicable, the Series 2024A Bond, as the case may be, as it may be revised by the DNRC from time to time in accordance with Section 5.1. The Series 2024A Bond is a Subordinate Obligation payable only from the Surplus Net Revenues.

The Borrower may prepay the Series 2024 Bonds, in whole or in part, only upon the terms and conditions under which it can prepay the 2024 Loans under Section 5.3.

Section 9.6 Negotiability, Transfer and Registration. The Series 2024 Bonds shall be fully registered as to both principal and interest, and shall be initially registered in the name of and payable to the DNRC. While so registered, principal of and interest on the Series 2024 Bonds shall be payable to the DNRC at the Office of the Department of Natural Resources and Conservation, 1539 Eleventh Avenue, Helena, Montana 59620-1601 or such other place as may be designated by the DNRC in writing and delivered to the Borrower. The Series 2024 Bonds shall be negotiable, subject to the provisions for registration and transfer contained in this Section. No transfer of the Series 2024 Bonds shall be valid unless and until (1) the holder, or his duly authorized attorney or legal representative, has executed the form of assignment appearing on the Series 2024 Bonds, and (2) the Town Clerk of the Borrower (or successors, the "Registrar"), as Bond Registrar, has duly noted the transfer on the Series 2024 Bonds and recorded the transfer on the registration books of the Registrar. The Registrar may, prior to noting and recording the transfer, require appropriate proof of the transferor's authority and the genuineness of the transferor's signature. The Borrower shall be entitled to deem and treat the Person in whose name the Series 2024 Bonds is registered as the absolute owner of the Series 2024 Bonds for all purposes, notwithstanding any notice to the contrary, and all payments to the registered holder shall be valid and effectual to satisfy and discharge the Borrower's liability upon such Bond to the extent of the sum or sums so paid.

Section 9.7 Execution and Delivery. The Series 2024 Bonds shall be executed on behalf of the Borrower by the manual signatures of the Mayor and Town Clerk. Any or all of such signatures may be affixed at or prior to the date of delivery of the Series 2024 Bonds. The Series 2024 Bonds shall be sealed with the corporate seal of the Borrower, if such seal exists. In the event that any of the officers who shall have signed the Series 2024 Bonds shall cease to be officers of the Borrower before the Series 2024 Bonds are issued or delivered, their signatures shall remain binding upon the Borrower. Conversely, the Series 2024 Bonds may be signed by an authorized official who did not hold such office on the date of adoption of this Resolution. The Series 2024 Bonds shall be delivered to the DNRC, or its attorney or legal representative.

Section 9.8 Form. The Series 2024A Bond shall be prepared in substantially the form attached as Appendix B-1 and the Series 2024B Bond shall be prepared in substantially the form attached as Appendix B-2.

Section 9.9 Acquisition and Construction Account. To the Acquisition and Construction Account shall be credited as received the portion of the proceeds of Series 2024 Bonds for costs of the Series 2024

Project and for costs of issuance of the Series 2024 Bonds and any other funds appropriated by the Borrower to the Acquisition and Construction Account for improvements to the System, and all income received from the investment of the Acquisition and Construction Account.

ARTICLE X

ADDITIONAL WASTEWATER DEBT

Section 10.1 Other Revenue Bonds. The Borrower reserves the right to issue Additional Bonds payable from the Revenue Bond Account of the Fund on a parity as to both principal and interest with the Series 2018A Bond and the Series 2024B Bond, if the Net Revenues of the System for the last complete fiscal year preceding the date of issuance of such Additional Bonds have equaled at least 110% of the maximum amount of principal and interest payable from said Revenue Bond Account in any subsequent fiscal year during the term of the outstanding Bonds, on all Bonds then outstanding and on the Additional Bonds proposed to be issued and payable from the Revenue Bond Account. 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 Borrower, 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 operation and maintenance cost plus any additional annual costs of operation and maintenance which the Consultant 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. In no event shall any Additional Bonds be issued and made payable from the Revenue Bond Account if the Borrower is then in default in any payment of principal of or interest on any outstanding Bonds payable therefrom or if there then exists any deficiency in the balances required by this Resolution to be maintained in any of the accounts of the Fund, which will not be cured or restored upon the issuance of the Additional Bonds. In connection with the issuance of a series of Additional Bonds, the Borrower shall cause the Reserve in the Revenue Bond Account to be increased, from the proceeds of the Additional Bonds or from surplus Net Revenues, to an amount equal to the Reserve Requirement during the term of the outstanding Bonds or so much thereof as will not cause the Borrower to violate the provisions of Section 12.2 hereof.

Section 10.2 Subordinate Bonds. Nothing in this Resolution shall preclude the Borrower from issuing Subordinate Obligations which are expressly made a charge on only the Surplus Net Revenues of the System and subordinate to the pledge of Net Revenues to the Revenue Bond Account and Reserve Account; provided, however, no obligations may be issued pursuant to this Section 10.3 if a deficiency exists in the Revenue Bond Account or the Reserve Account which is not to be restored by the issuance of the Subordinate Obligations.

Section 10.3 Refunding Revenue Bonds. The Borrower reserves the right and privilege of refunding any or all of the Bonds subject to the following terms and conditions:

(a) Any matured Bonds may be refunded if moneys available for the payment thereof at maturity, within the limitation prescribed in Section 10.1, should at any time be insufficient to make such payment in full.

(b) Any Bonds may be refunded prior to maturity as and when they become prepayable according to their terms.

(c) Provision may be made for the payment and refunding of any unmatured Bonds by the deposit with a duly qualified depository bank, as escrow agent, of cash sufficient, or of securities of the kinds authorized by law, the payments of interest on and principal of which are sufficient, to pay the principal amount of and premium, if any, on such Bonds with interest to maturity or to any prior date or dates on which they are prepayable, and have been called for redemption or provision has been irrevocably made for their redemption, on such date or dates.

Any refunding revenue Bonds issued for the above purposes may be made payable from the net revenues on a parity as to interest with all then outstanding Bonds; provided that (1) if not all of the Bonds of a series are refunded, the maturity of each refunding revenue Bond shall be subsequent to the last maturity of any then outstanding Bonds of such series which are not refunded or to be refunded out of moneys on deposit with such escrow agent, and (2) no Bondowner shall be required to accept a refunding revenue Bond in exchange for any Bond owned by him.

ARTICLE XI

WASTEWATER SYSTEM FUND

Section 11.1 Bond Proceeds and Revenues Pledged and Appropriated. A special Wastewater System Fund has been created by the Borrower as an enterprise fund and will be maintained as a separate and special bookkeeping account on the official books of the Borrower until all Bonds (including the Series 2024A Bond, if applicable) and interest and redemption premiums due thereon have been fully paid, or the Borrower's obligations with reference to such Bonds has been discharged as provided in this Resolution. All proceeds of Series 2024 Bonds issued hereunder and all other funds presently on hand derived from the operation of the System are irrevocably pledged and appropriated to the Fund. In addition, there is hereby irrevocably pledged and appropriated to the Fund all gross revenues and receipts from rates, fees, charges and rentals imposed for connections with and for the availability, benefit and use of the System and from any sales of property acquired for the System and all income received from the investment of such gross revenues, including investment of the Reserve established in the Revenue Bond Account and the Operating Reserve established in the Operating Account, levied for construction of any part of the System and 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. The Fund has been subdivided into separate accounts as designated and described in Sections 11.2 through 11.7 hereof, to segregate income and expenses received, paid and accrued for the respective purposes described in those sections. The gross revenues received in this Fund shall be apportioned monthly, commencing as of the date of Closing.

Section 11.2 Acquisition and Construction Account. The Acquisition and Construction Account shall be used only to pay as incurred and allowed costs which under accepted accounting practice are capital costs of the Series 2024 Project and of such future reconstructions, improvements, betterments or extensions of the System as may be 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, reimbursement of any advances made from other Borrower funds, and all other expenses incurred in

connection with the acquisition, construction and financing of any such undertaking. To the Acquisition and Construction Account shall be credited as received all proceeds of Series 2024 Bonds and other Bonds issued hereunder (except proceeds of refunding Bonds appropriated to the payment of outstanding Bonds and amounts required to be credited to the Revenue Bond Account), all other funds appropriated by the Borrower for the System and any other funds appropriated by the Borrower to the Acquisition and Construction Account for improvements to the System, and all income received from the investment of the Acquisition and Construction Account.

Section 11.3 Operating Account. On each monthly 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 monthly apportionment. The term "operating expenses" shall mean 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 practice, and shall include, without limitation, administrative expenses of the Borrower 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. Such expenses shall not include any allowance for 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 Borrower, except such portion as shall represent reasonable compensation for the performance of duties necessary to the operation of the System. There shall also be credited to this account forthwith upon the delivery of the Series 2024 Bonds and from available funds other than the proceeds therefrom a sum equal to the estimated average monthly operating expenses of the System to establish an Operating Reserve, which sum shall be maintained by additional transfers upon each monthly apportionment whenever necessary, or may be augmented by transfers of additional amounts from the Surplus Account described below if determined by the governing body of the Borrower 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.

Section 11.4 Series 2024 Revenue Bond Subaccount. Upon each monthly apportionment there shall be set aside and credited to the Series 2024 Revenue Bond Subaccount of the Debt Service Account out of the Net Revenues an amount equal to not less than the sum of one-sixth of the interest due within the next six months plus one-twelfth of the principal to become due within the next twelve months with respect to outstanding Bonds payable from the Revenue Bond Account; provided that the Borrower shall be entitled to reduce a monthly credit by the amount of any surplus previously credited and then on deposit in the Series 2024 Revenue Bond Subaccount. Money from time to time held in the Series 2024 Revenue Bond Subaccount shall be disbursed only to meet payments of principal of, premium, if any, and interest on the Bonds payable therefrom as such payments become due. If any payment of principal or interest becomes due when moneys in the Serie 2024 Revenue Bond Subaccount are temporarily insufficient therefor, such payment shall be advanced out of any Net Revenues theretofore segregated and then on hand in the Series 2024 Reserve Subaccount, the Replacement and Depreciation Account or the Surplus Account.

Section 11.5 Series 2024 Reserve Subaccount. The Borrower agrees to establish and maintain a Series 2024 Reserve Subaccount in the Reserve Account of the Fund. Upon each monthly apportionment, from the Net Revenues remaining after the apportionment to the Series 2024 Revenue Bond Subaccount, the

Borrower shall credit to the Series 2024 Reserve Subaccount such additional Net Revenues as may be required to establish and thereafter maintain the balance in an amount equal, as of the date of calculation, to the Reserve Requirement. Money in the Series 2024 Reserve Subaccount shall be used only to pay maturing principal, premium and interest on Bonds when money within the Series 2024 Revenue Bond Subaccount is insufficient therefor; provided that on any date when all outstanding Bonds of a series are due or prepayable by their terms, if the amount then on hand in the Series 2024 Reserve Subaccount allocable to such Bonds and available for such appropriation is sufficient with money available for the purpose to pay all such Bonds and the interest accrued thereon in full, it may be used for that purpose; and provided, further, that so long as the amount on hand in the Series 2024 Reserve Subaccount is not less than the Reserve Requirement, the Borrower may credit earnings on investment of the Series 2024 Reserve Subaccount to the Replacement and Depreciation Account.

Section 11.6 Replacement and Depreciation Account. There shall next be set aside and credited, upon each monthly apportionment, to the Replacement and Depreciation Account Surplus Net Revenues of the System, as the governing body of the Borrower shall determine to be required for the accumulation of a reasonable allowance for repair and depreciation of the System and for replacement or renewal of worn out, obsolete or damaged properties and equipment thereof. Money in this account shall be used only for the purposes above stated or, if so directed by the governing body of the Borrower, to redeem Bonds which are prepayable according to their terms, to pay principal or interest when due thereon as required in Section 11.5, or to pay the cost of improvements to the System; provided that in the event construction and installation of additional improvements or additions to the System are financed other than from proceeds of Bonds payable from the Revenue Bond Account, surplus net revenues from time to time received may be segregated and paid into one or more separate and additional accounts for the repayment of such indebtedness and interest thereon, in advance of payments required to be made into the Replacement and Depreciation Account.

Section 11.7 Surplus Account. This account also includes the Subordinate Obligations Subaccount. 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 (or such other account in the Fund as the Borrower may establish for bookkeeping purposes to account for surplus money in accordance with the purposes of this Resolution), and the money from time to time in that account, when not required to restore a current deficiency in the Revenue Bond Account as provided in Section 11.4, may be used for any of the following purposes and not otherwise:

(a) To redeem bonds payable from the Net Revenues when and as such bonds become prepayable according to their terms; or

(b) To purchase Bonds on the open market, whether or not the Bonds or other such Bonds may then be prepayable according to their terms; or

(c) To be held as a reserve for redemption of bonds payable from the Net Revenues which are not then but will later be prepayable according to their terms; or

(d) To pay for repairs of or for the construction and installation of improvements or additions to the System; or

(e) To restore the Operating Reserve or increase the same when determined to be necessary by the governing body of the Borrower; or

(f) to pay from the Subordinate Obligation Subaccount, the principal and interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge, Surcharge on Subordinate Obligations.

No money shall at any time be transferred from the Surplus Account or any other account of the Fund to any other fund of the Borrower, nor shall such moneys at any time be loaned to other municipal funds or invested in warrants, special improvement bonds or other obligations payable from other funds, except as provided in Section 11.8.

Section 11.8 Deposit and Investment of Funds. The finance officer of the Borrower shall cause all money appropriated to the Fund to be deposited as received with one or more depository banks duly qualified in accordance with the provisions of Montana Code Annotated, Section 7-6-201, in a deposit account or accounts. The balance in such accounts, except such portion thereof as shall be guaranteed by federal deposit insurance, shall at all times be secured to its full amount by bonds or securities of the types set forth in said Section 7-6-201. Any of such moneys not necessary for immediate use may be deposited with such depository banks in savings or time deposits. No money shall at any time be withdrawn from such deposit accounts except for the purposes of the Fund as defined and authorized in this Resolution; except that money from time to time on hand in the Fund may at any time, in the discretion of the governing body of the Borrower, be invested in securities which are direct, general obligations of, or obligations the prompt payment of the principal of and the interest on which is fully and unconditionally guaranteed by, the United States of America, bank repurchase agreements with respect to such obligations, certificates of deposits of national banks having a combined capital and surplus of at least $1,000,000 or in the Montana short-term investment program administered by the Board of Investments, which investments mature and bear interest at the times and in the amounts estimated to be required to provide cash when needed for the purposes of the respective accounts; provided that funds on hand in the Series 2024 Reserve Subaccount, the Replacement and Depreciation Account and the Surplus Account may be invested in said securities maturing not later than five years from the date of the investment; and provided, further, that money on hand in the Surplus Account of the Fund may, in the discretion of the governing body of the Borrower, be invested in any securities which are direct, general obligations of the Borrower. Income received from the deposit or investment of moneys in said accounts shall be credited to the account from whose moneys the deposit was made or the investment was purchased, and handled and accounted for in the same manner as other moneys in that account.

ARTICLE XII

TAX MATTERS

Section 12.1 Use of Series 2024 Project. The Series 2024 Project will be owned and operated by the Borrower and available for use by members of the general public on a substantially equal basis. The Borrower shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the Series 2024 Project or the System or security for the payment of the Series 2024B Bond which might cause the Series 2024B Bond to be considered a "private activity bond" or "private loan bond" within the meaning of Section 141 of the Code.

Section 12.2 General Covenant. The Borrower covenants and agrees with the owners from time to time of the Series 2024B 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 2024B Bond to become includable in gross income for federal income tax purposes under the Code and the Regulations, and covenants to take any and all actions within its powers to ensure that the interest on the Series 2024B Bond will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

Section 12.3 Arbitrage Certification. The Mayor and the Town Clerk, being the officers of the Borrower charged with the responsibility for issuing the Series 2024B Bond pursuant to the Resolution, are authorized and directed to execute and deliver to the DNRC 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 2024B Bond, it is reasonably expected that the proceeds of the Series 2024B Bond will be used in a manner that would not cause the Series 2024B Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code and the Regulations.

Section 12.4 Arbitrage Rebate Exemption.

(a) The Borrower hereby represents and makes the election that the Series 2024B Bond qualifies for the exception for small governmental units to the arbitrage rebate provisions contained in Section 148(f)(2) of the Code. Specifically, the Borrower represents:

(1) Substantially all (not less than 95%) of the proceeds of the Series 2024B Bond (except for amounts to be applied to the payment of costs of issuance) will be used for local governmental activities of the Borrower;

(2) The aggregate face amount of all "tax-exempt bonds" (including warrants, contracts, leases and other indebtedness, but excluding private activity bonds) issued by or on behalf of the Borrower and all subordinate entities thereof during 2024 is reasonably expected not to exceed $5,000,000. To date in 2024, the Borrower has issued no tax-exempt bonds; and

(3) The Borrower has general taxing powers as a City.

(b) If notwithstanding the provisions of paragraph (a) of this Section 10.4, the arbitrage rebate provisions of Section 148(f) of the Code apply to the Series 2024B Bond, the Borrower hereby covenants and agrees to make the determinations, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 148(f).

Section 12.5 Information Reporting. The Borrower shall file with the Secretary of the Treasury, not later than 45 days after the end of the calendar quarter in which the Series 2024B Bond is issued, a statement concerning the Series 2024B Bond containing the information required by Section 149(e) of the Code.

Section 12.6 "Qualified Tax-Exempt Obligations." Pursuant to Section 265(b)(3)(B)(ii) of the Code, the Borrower hereby designates the Series 2024B Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code. The Borrower has not so designated any other obligations in

2024, other than the Series 2024 Refunding Bond. The Borrower hereby represents that it does not anticipate that obligations bearing interest not includable in gross income for purposes of federal income taxation under Section 103 of the Code (including refunding obligations as provided in Section 265(b)(3) of the Code and including "qualified 501(c)(3) bonds" but excluding other "private activity bonds," as defined in Sections 141(a) and 145(a) of the Code) will be issued by or on behalf of the Borrower and all "subordinate entities" of the Borrower in 2024 in an amount greater than $10,000,000.

ARTICLE XIII

CONTINUING DISCLOSURE

The Borrower understands and acknowledges that the DNRC is acquiring the Series 2024 Bonds under the Program pursuant to which the State issues from time to time State Bonds to provide funds therefor. The Borrower covenants and agrees that, upon written request of the DNRC from time to time, the Borrower will promptly provide to the DNRC all information that the DNRC reasonably determines to be necessary or appropriate to offer and sell State Bonds or to provide continuing disclosure in respect of State Bonds, whether under Rule 15c2-12 (17 C.F.R. § 240.15c2-12) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 2434, as amended, or otherwise. Such information shall include, among other things and if so requested, financial statements of the Borrower prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Montana law, as in effect from time to time (such financial statements to relate to a Fiscal Year or any period therein for which they are customarily prepared by the Borrower, and, if for a Fiscal Year and so requested by the DNRC, subject to an audit report and opinion of an accountant or government auditor, as permitted or required by the laws of the State). The Borrower will also provide, with any information so furnished to the DNRC, a certificate of the Mayor and the Town Clerk of the Borrower to the effect that, to the best of their knowledge, such information does not include any untrue statement of a material fact or omit to state any material fact required to be stated therein to make the statements made, in light of the circumstances under which they are made, not misleading.

ARTICLE XIV

MISCELLANEOUS

Section 14.1 Notices. All notices or other communications hereunder shall be sufficiently sent or given and shall be deemed sent or given when delivered or mailed by certified mail, postage prepaid, to the parties at the following addresses:

DNRC: Department of Natural Resources and Conservation
1539 Eleventh Avenue
P. O. Box 202401
Helena, Montana 59620-1601
Attn: Conservation and Resource
Development Division

Trustee: U.S. Bank National Association
c/o Corporate Trust Services
1420 Fifth Avenue, 7th Floor
Seattle, Washington 98101

Borrower: Town of Fromberg
P.O. Box 236
Fromberg, Montana 59029
Attn: Town Clerk

Any of the above parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices or other communications shall be sent.

Section 14.2 Binding Effect. This Resolution shall inure to the benefit of and shall be binding upon the DNRC, the Borrower and their respective successors and assigns.

Section 14.3 Severability. If any provision of this Resolution shall be determined to be unenforceable at any time, it shall not affect any other provision of the Resolution or the enforceability of that provision at any other time.

Section 14.4 Amendments. This Resolution may not be effectively amended without the written consent of DNRC.

Section 14.5 Applicable Law. This Resolution shall be governed by and construed in accordance with the internal laws of the State.

Section 14.6 Captions; References to Sections. The captions in this Resolution are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Resolution.

Section 14.7 No Liability of Individual Officers, Directors or Trustees. No recourse under or upon any obligation, covenant or agreement contained in this Resolution shall be had against any director, officer or employee, as such, past, present or future, of the DNRC, the DEQ or the Trustee, either directly or through the DNRC, the DEQ or the Trustee, or against any officer, or member of the governing body or employee of the Borrower, past, present or future, as an individual so long as such individual was acting in good faith. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officer or member of the governing body or employee of the DNRC, the Trustee or the Borrower is hereby expressly waived and released by the Borrower and by the DNRC as a condition of and in consideration for the adoption of this Resolution and the making of the 2024 Loans.

Section 14.8 Payments Due on Holidays. If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Resolution or the Series 2024 Bonds, shall not be Business Day, such payments may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Resolution or the Series 2024 Bonds.

Section 14.9 Right of Others To Perform Borrower's Covenants. In the event the Borrower shall fail to make any payment or perform any act required to be performed hereunder, then and in each such case the

DNRC or the provider of any Collateral Document may (but shall not be obligated to) remedy such default for the account of the Borrower and make advances for that purpose. No such performance or advance shall operate to release the Borrower from any such default and any sums so advanced by the DNRC or the provider of any Collateral Document shall be paid immediately to the party making such advance and shall bear interest at the rate of ten percent (10.00%) per annum from the date of the advance until repaid. The DNRC and the provider of any Collateral Document shall have the right to enter the Series 2024 Project or the facility or facilities of which the Series 2024 Project is a part or any other facility which is a part of the System in order to effectuate the purposes of this Section.

Section 14.10 Authentication of Transcript. The officers of the Borrower are hereby authorized and directed to furnish to the DNRC and to Bond Counsel certified copies of all proceedings relating to the issuance of the Series 2024 Bonds and such other certificates and affidavits as may be required to show the right, power and authority of the Borrower to issue the Series 2024 Bonds, and all statements contained in and shown by such instruments, including any heretofore furnished, shall constitute representations of the Borrower as to the truth of the statements of fact purported to be shown thereby.

Section 14.11 Consent by DNRC to Parity Lien on Net Revenues and Reserve Requirements for all Bonds and issuance of Additional Bonds. At the time of the issuance of the Series 2024B Bond, the Town will obtain a written consent by DNRC to the parity lien on the Net Revenues and the Reserve Requirements for all Bonds and the issuance of Series 2024B Bond as an additional bond.

Section 14.12 Date. This Resolution shall take effect immediately.

Adopted by the Town Council of the Town of Fromberg, Montana, on this 13th day of May, 2024.

ATTEST: Tim Nottingham, Mayor

Kirstin Sweet, Town Clerk Pro Tem

APPENDIX A

Description of the Series 2024 Project

The Series 2024 Project generally consists of the costs of the planning, design, financing and construction of the replacement of sewer transmission main.

Estimated Series 2024 Project Budget

	Project Costs
Grant Management	$11,500
Audit fees	7,500
Loan Reserve	7,788
Bond Counsel	10,000
Engineering Design	50,000
Geotechnical Evaluation	7,000
MDT & BNSF Permit	7,000
Engineering – Construction	43,000
Construction	534,055
Contingency	58,831
TOTAL	$736,674

The Series 2024 Project is expected to be funded by:

ARPA Local Fiscal Recovery Funds	$29,631
ARPA Minimum Allocation grant	96,370
Series 2024A	295,173
Series 2024B	308,000
Local funds	7,500
TOTAL	$736,674

APPENDIX B-1

[Form of the Series 2024A Bond]

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF CARBON

TOWN OF FROMBERG

SUBORDINATE LIEN WASTEWATER SYSTEM REVENUE BOND
(DNRC WATER POLLUTION CONTROL STATE REVOLVING LOAN PROGRAM)
TAXABLE SERIES 2024A

R-1 $295,173

FOR VALUE RECEIVED, THE TOWN OF FROMBERG, MONTANA (the "Borrower"), a duly organized municipal corporation and political subdivision of the State of Montana, acknowledges itself to be specially indebted and hereby promises to pay to the Department of Natural Resources and Conservation of the State of Montana (the "DNRC"), or its registered assigns, solely out of available Surplus Net Revenues remaining in the Subordinate Obligations Subaccount of the Surplus Account of its Wastewater System Fund, the principal sum equal to the sum of the amounts entered on Schedule A attached hereto under "Total Amount Advanced," with interest on each such amount from the date such amount is advanced hereunder at the rate of two percent (2.00%) per annum on the unpaid balance until paid, together with a Loan Loss Reserve Surcharge and an Administrative Expense Surcharge on the outstanding principal amount of this Bond from the date of each advance of principal at the rate of twenty-five hundredths of one percent (0.25%) and twenty-five hundredths of one percent (0.25%) per annum, respectively, all subject to the effect of the immediately following paragraph. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be payable in semiannual installments on each January 1 and July 1 (each a "Loan Repayment Date") commencing with the Loan Repayment Date that is the first to occur following delivery by the DNRC to the Borrower of a statement that the Borrower's obligation to repay the principal amount of the 2024A Loan is not forgiven and ending on the July 1, 2054, all as described in the Resolution (as hereinafter defined), subject to earlier redemption. Principal shall as well be payable on such dates, as set forth in Schedule B hereto. Each installment shall be in the amount set forth opposite its due date in Schedule B hereto under "Total Loan Payment." The portion of each such payment consisting of principal, the portion consisting of interest and the portion consisting of Administrative Expense Surcharge and the portion consisting of Loan Loss Reserve Surcharge shall be as set forth in Schedule B attached hereto. Upon each disbursement of 2024A Loan amounts to the Borrower pursuant to the Resolution described below, the DNRC shall enter (or cause to be entered) the amount advanced on Schedule A under "Advances" and the total amount advanced under the Resolution (as hereinafter defined), including such disbursement, under "Total Amount Advanced." The DNRC shall prepare Schedule B and any revised Schedule B, or cause Schedule B and any revised Schedule B to be prepared, as provided in Section 5.1 of the Resolution

authorizing this Bond, and the final Schedule B will reflect repayments under Section 5.1.4 of such resolution. Schedule B shall be calculated and recalculated on a level debt service basis assuming an interest rate of two and one-half percent (2.50%) per annum. Past-due payments of principal and interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall bear interest at the rate of ten percent (10.00%) per annum, until paid. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be calculated on the basis of a 360-day year comprising 12 months of 30 days each. All payments under this Bond shall be made to the registered holder of this Bond, at its address as it appears on the Bond register, in lawful money of the United States of America.

NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS BOND, IN THE EVENT THAT THE BORROWER TIMELY DELIVERS A COMPLIANCE CERTIFICATE AND REQUEST (AS DEFINED IN THE RESOLUTION) IN FORM AND SUBSTANCE SATISFACTORY TO THE DNRC AND THE DNRC IN RESPONSE THERETO SUPPLIES TO THE BORROWER A FORGIVENESS STATEMENT, THEN THEREUPON INTEREST SHALL BE DEEMED TO ACCRUE ON THE PRINCIPAL OF THIS SERIES 2024A BOND FROM THE DATE OF EACH ADVANCE AT THE RATE OF ZERO PERCENT (0.00%) PER ANNUM AND THE BORROWER'S OBLIGATION TO REPAY PRINCIPAL ADVANCED HEREUNDER SHALL BE FORGIVEN, AND THE BORROWER SHALL HAVE NO OBLIGATION TO REPAY THE DNRC OR ITS REGISTERED ASSIGNS ANY AMOUNTS ADVANCED HEREUNDER OR INTEREST OR ANY SURCHARGE THEREON. THIS BOND SHALL THEREUPON BE MARKED "CANCELLED" AND RETURNED BY THE HOLDER TO THE BORROWER, AND THIS BOND SHALL NO LONGER CONSTITUTE AN OBLIGATION OF THE BORROWER OR OF THE SYSTEM (AS HEREINAFTER DEFINED). IN ADDITION, UNTIL THE DELIVERY OF A DETERMINATION STATEMENT BY THE DNRC TO THE BORROWER, THE OBLIGATION OF THE BORROWER TO REPAY THE OUTSTANDING PRINCIPAL AMOUNT HEREOF SHALL BE DEFERRED UNTIL THE LOAN REPAYMENT DATE FIRST OCCURRING AFTER DELIVERY OF A NONCOMPLIANCE STATEMENT AND INTEREST SHALL BE DEEMED TO ACCRUE ON THE PRINCIPAL OF THIS SERIES 2024A BOND FROM THE DATE OF EACH ADVANCE UNTIL DELIVERY OF SUCH A NONCOMPLIANCE STATEMENT AT THE RATE OF ZERO PERCENT (0.00%) PER ANNUM.

This Bond is one of an issue of Wastewater System Revenue Bonds of the Borrower authorized to be issued in one or more series from time to time and constitutes a series in the maximum authorized principal amount of $295,173 (the "Series 2024A Bond"). The Series 2024A Bond is issued to finance a portion of the costs of the construction of certain improvements to the Wastewater System of the Borrower (the "System") and to pay costs of issuance of the Series 2024A Bond. The Series 2024A Bond is issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 7, Part 44 and 45, as amended, and ordinances and resolutions duly adopted by the governing body of the Borrower, and by Resolution No. _____ adopted on May _____, 2024 (the "Resolution"). Terms used with initial capital letters but not defined herein shall have the meanings given them in the Resolution. The Series 2024A Bond is issuable only as a single, fully registered bond. The Series 2024A Bond is issued as a Subordinate Obligation payable from Surplus Net Revenues in the Subordinate Obligations Account in the Fund of the

Borrower. The Borrower is issuing simultaneously herewith its $308,000 Wastewater System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2024B (the "Series 2024B Bond"). Following the 2024B First Advance, principal amounts of this Series 2024A Bond are advanced until all of the principal of this Series 2024A Bond is advanced and then the remaining amounts of principal of the Series 2024B Bond are advanced. The Borrower also has outstanding its $912,000 Wastewater System Revenue Bond, Series 2018A, which is issued on a parity basis with the Series 2024B Bond.

Reference is made to the Resolution for a more complete statement of the terms and conditions upon which the Series 2024A Bond has been issued, the conditions upon which the Resolution may be amended, the rights, duties and obligations of the Borrower, and the rights of the owners of the Series 2024A Bond.

The Borrower may prepay the principal of the Series 2024A Bond only if (i) a Determination Statement has been delivered, (ii) it obtains the prior written consent of the DNRC thereto, and (iii) no Loan Repayment or Administrative Expense Surcharge or Loan Loss Reserve Surcharge is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal prepaid. If the Series 2024A Bond is prepaid in part, such prepayments shall be applied to principal payments in inverse order of maturity.

This Series 2024A Bond, including interest and any premium for the redemption thereof, are payable solely from the Surplus Net Revenues available for the payment hereof and do not constitute a debt of the Borrower within the meaning of any constitutional or statutory limitation or provision.

The Borrower may deem and treat the person in whose name this Series 2024A Bond is registered as the absolute owner hereof, whether this Series 2024A Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and the Borrower shall not be affected by any notice to the contrary. The Series 2024A Bond may be transferred as hereinafter provided.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Borrower will forthwith construct and complete the improvements to the System hereinabove described; that it will prescribe and collect reasonable rates and charges for all services and facilities afforded by the System, including all additions thereto and replacements and improvements thereof, and has created a special Wastewater System Fund into which the gross revenues of the System will be paid, and a separate and special Subordinate Obligations Account in that Fund, into which will be paid, subject to the prior lien thereon of the Operating Account, Revenue Bond Account, and the Series 2024 Reserve Subaccount, Surplus Net Revenues; that the rates and charges for the System will from time to time be made and kept sufficient, to provide gross income and revenues adequate to pay promptly the reasonable and current expenses of operating and maintaining the System, to produce in each Fiscal Year Net Revenues in excess of such current expenses, equal to at least 110% of the maximum amount of principal and interest payable from the Revenue Bond Account in any subsequent Fiscal Year and to produce in each Fiscal Year adequate Surplus Net Revenues to pay the principal of and interest on Subordinate Obligations including the Series 2024A Bond, as and when due; that Additional Bonds issued on

a parity with the Outstanding Bonds (such bonds, collectively, with the Outstanding Bonds, the "Bonds") and refunding Bonds may be issued and made payable from the Revenue Bond Account on a parity with the Outstanding Bonds, and other parity Bonds, upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues of the System, unless the lien thereof shall be expressly made subordinate to the lien of the Outstanding Bonds and Additional Bonds on such Net Revenues (such as is the case with this Series 2024A Bond); that all provisions for the security of the holder of this Series 2024A Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the ordinances and resolutions of the Borrower to be done, to exist, to happen and to be performed in order to make this Series 2024A Bond a valid and binding special obligation of the Borrower according to its terms have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required; and that this Series 2024A Bond and the interest hereon are payable solely out of available Net Revenues in the Subordinate Obligations Subaccount of the Surplus Account of the Wastewater System Fund and do not constitute a debt of the Borrower within the meaning of any constitutional or statutory limitation or provision and the issuance of the Series 2024A Bond does not cause either the general or the special indebtedness of the Borrower to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Town of Fromberg, Montana, by its governing body, has caused this Bond to be executed by the signatures of its Mayor and Town Clerk, and has caused the official seal of the Borrower to be affixed hereto, and has caused this Bond to be dated as of the _____ day of _____, 2024.

_____
Mayor

_____
Town Clerk

REGISTRATION AND TRANSFER

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

REGISTER

The ownership of the unpaid Principal Balance of this Bond and the interest accruing thereon is registered on the books of the Town of Fromberg, Montana in the name of the registered holder appearing on the first page hereof or as last noted below:

Date of Registration	Name and Address of Registered Holder	Signature of Town Clerk
_____, 2024	Department of Natural Resources and Conservation 1539 Eleventh Avenue Helena, MT 59620	_____

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

The Town Clerk of the Town of Fromberg, Montana, acting as Bond Registrar, has transferred, on the books of the Borrower, on the date last noted below, ownership of the principal amount of and the accrued interest on this Bond to the new registered holder noted next to such date, except for amounts of principal and interest theretofore paid.

Date of Transfer	Name of New Registered Holder	Signature of Bond Registrar
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____

_____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____ _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatsoever.

SCHEDULE A

SCHEDULE OF AMOUNTS ADVANCED

Date	Advances	Total Amount Advanced	Notation Made By

SCHEDULE B

Date	Principal	Interest	Administrative Expense Surcharge	Loan Loss Reserve Surcharge	Total Loan Payment

APPENDIX B-2

[Form of the Series 2024B Bond]

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF CARBON

TOWN OF FROMBERG

WASTEWATER SYSTEM REVENUE BOND
(DNRC WATER POLLUTION CONTROL STATE REVOLVING LOAN PROGRAM)
SERIES 2024B

R-1 $308,000

FOR VALUE RECEIVED, THE TOWN OF FROMBERG, MONTANA (the "Borrower"), a duly organized municipal corporation and political subdivision of the State of Montana, acknowledges itself to be specially indebted and, for value received, hereby promises to pay to the Department of Natural Resources and Conservation of the State of Montana (the "DNRC"), or its registered assigns, solely from the Revenue Bond Account of its Wastewater System Fund, the principal sum equal to the sum of the amounts entered on Schedule A attached hereto under "Total Amount Advanced," with interest on each such amount from the date such amount is advanced hereunder at the rate of two percent (2.00%) per annum on the unpaid balance until paid. In addition, the Borrower shall pay a Loan Loss Reserve Surcharge and an Administrative Expense Surcharge on the outstanding principal amount of this Bond at the rate of twenty-five hundredths of one-percent (0.25%) and twenty-five hundredths of one percent (0.25%) respectively, per annum. Interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be payable on each January 1 and July 1 (each a "Loan Repayment Date") commencing January 1, 2025. Principal shall be payable on the dates set forth in Schedule B hereto. Each installment shall be in the amount set forth opposite its due date in Schedule B attached hereto under "Total Loan Payment." The portion of each such payment consisting of principal and the portion consisting of interest, Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be as set forth in Schedule B hereto. Upon each disbursement of 2024B Loan amounts to the Borrower pursuant to the Resolution described below, the DNRC shall enter (or cause to be entered) the amount advanced on Schedule A under "Advances" and the total amount advanced under the Resolution (as hereinafter defined), including such disbursement, under "Total Amount Advanced." The DNRC shall prepare Schedule B and any revised Schedule B, or cause Schedule B and any revised Schedule B to be prepared, as provided in Section 5.1 of the resolution authorizing this Bond. Schedule B shall be calculated and recalculated on a level debt service basis assuming an interest rate of 2.50% per annum. Past-due payments of principal and interest and Administrative Expense and Loan Loss Reserve Surcharge shall bear interest at the rate of ten percent (10.00%) per annum, until paid. Interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge shall be calculated on the basis of a 360-day year comprising 12 months of 30 days each. All payments under this Bond shall be made to the

registered holder of this Bond, at its address as it appears on the Bond register, in lawful money of the United States of America.

This Bond is one of an issue of Wastewater System Revenue Bonds of the Borrower authorized to be issued in one or more series from time to time, and constitutes a series in the maximum authorized principal amount of $308,000 (the "Series 2024B Bond"), issued to finance a portion of the costs of construction of certain improvements to the Wastewater System of the Borrower (the "System") and to pay costs of issuance of the Series 2024B Bond. The Series 2024B Bond is issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 7, Part 44 and 45, as amended, and ordinances and resolutions duly adopted by the governing body of the Borrower on May ____, 2024 by Resolution No. _____ (the "Resolution"). Terms used with initial capital letters but not defined herein have the meanings given to them in the Resolution. The Series 2024B Bond is issuable only as a single, fully registered bond. The Borrower is also issuing simultaneously herewith its Subordinate Lien Wastewater System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Taxable Series 2024A (the "Series 2024A Bond"). The Borrower also has outstanding its $912,000 Wastewater System Revenue Bond Series 2018A, which is issued on a parity basis with the Series 2024B Bond. The Series 2024A Bond is not issued on a parity basis with the Series 2024B Bond or the Series 2018A Bond.

Reference is made to the Resolution for a more complete statement of the terms and conditions upon which the Series 2024B Bond has been issued, the Net Revenues of the System pledged and appropriated for the payment and security thereof, the conditions upon which additional bonds may be issued under the Resolution and made payable from such Net Revenues on a parity with the Series 2024B Bond or otherwise, the conditions upon which the Resolution may be amended, the rights, duties and obligations of the Borrower, and the rights of the owners of the Series 2024B Bond.

The Borrower may prepay the principal of the Series 2024B Bond only if a Determination Statement has been delivered, it obtains the prior written consent of the DNRC thereto, and no Loan Repayment, Administrative Expense Surcharge or Loan Loss Reserve Surcharge is then delinquent. Any prepayment permitted by the DNRC must be accompanied by payment of accrued interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge to the date of prepayment on the amount of principal prepaid. If the Series 2024B Bond is prepaid in part, such prepayments shall be applied to principal payments in inverse order of maturity.

The Bonds, including interest and any premium for the redemption thereof, are payable solely from the Net Revenues pledged for the payment thereof and do not constitute a debt of the Borrower within the meaning of any constitutional, statutory or charter limitation or provision.

The Borrower may deem and treat the person in whose name this Series 2024B Bond is registered as the absolute owner hereof, whether this Series 2024B Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and the Borrower shall not be affected by any notice to the contrary. The Series 2024B Bond may be transferred as hereinafter provided.

This Series 2024B Bond has been designated by the Borrower as a "qualified tax-exempt obligation" pursuant to Section 265 of the Internal Revenue Code of 2486, as amended.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the Borrower has duly authorized and will forthwith undertake the improvements to the System hereinabove described, has fixed and established and will collect reasonable rates and charges for the services and facilities afforded by the System, and has created a special Wastewater System Fund into which the revenues of the System will be paid, and a separate and special Revenue Bond Account in that fund, into which will be paid each month; from and as a first and prior lien on the Net Revenues of the System then on hand, an amount equal to not less than the sum of one-sixth of the interest due within the next six months and one-twelfth of the principal due within the next twelve months with respect to all Bonds payable from that Account; that the Borrower has created a Series 2024 Reserve Subaccount in such fund into which shall be paid additional Net Revenues, after required credits to the Revenue Bond Account sufficient to establish and maintain a reserve therein equal to, as of the date of calculation, the Reserve Requirement (as defined in the Resolution); that the Revenue Bond Account will be used only to pay the principal of, premium, if any, and interest on the Bonds and any other additional Bonds issued pursuant to the Resolution on a parity therewith; that the rates and charges for the System will from time to time be made and kept sufficient to (i) produce Net Revenues for each Fiscal Year in an amount at least sufficient to pay the principal of and interest on all Bonds payable from the Net Revenues derived in such Fiscal Year, to establish and maintain the Reserve Requirement, to pay promptly the reasonable and current Operating Expenses, to pay the principal of and interest on any Subordinate Obligations out of Surplus Net Revenues and to provide reserves for the repair and replacement of the System, and (ii) Net Revenues for each Fiscal Year will be equal to at least 110% of the maximum principal and interest requirements for all future Fiscal Years during which any Bonds will be Outstanding; that Additional Bonds and refunding Bonds may be issued and made payable from the Revenue Bond Account on a parity with the Series 2024B Bond upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Net Revenues unless the lien thereof shall be expressly made subordinate to the lien of the Series 2024B Bond; that all provisions for the security of this Series 2024B Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the ordinances and resolutions of the Borrower to be done, to exist, to happen and to be performed in order to make this Series 2024B Bond a valid and binding special obligation of the Borrower according to its terms have been done, do exist, have happened and have been performed as so required; and that this Series 2024B Bond and the premium, if any, and interest hereon are payable solely from the Net Revenues of the System pledged and appropriated to the Revenue Bond Account and do not constitute a debt of the Borrower within the meaning of any constitutional, statutory or charter limitation or provision and the issuance of the Series 2024B Bond does not cause either the general or the special indebtedness of the Borrower to exceed any constitutional, statutory or charter limitation.

IN WITNESS WHEREOF, the Town of Fromberg, Montana, by its governing body, has caused this Bond to be executed by the signatures of its Mayor and Town Clerk, and has caused the official seal of the Borrower to be affixed hereto, and has caused this Bond to be dated as of the ____ day of _____, 2024.

_____
Mayor

Town Clerk

REGISTRATION AND TRANSFER

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

REGISTER

The ownership of the unpaid Principal Balance of this Bond and the interest accruing thereon is registered on the books of the Town of Fromberg, Montana in the name of the registered holder appearing on the first page hereof or as last noted below:

Date of Registration	Name and Address of Registered Holder	Signature of Town Clerk
_____, 2024	Department of Natural Resources and Conservation 1539 Eleventh Avenue Helena, MT 59620	_____

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

The Town Clerk of the Town of Fromberg, Montana, acting as Bond Registrar, has transferred, on the books of the Borrower, on the date last noted below, ownership of the principal amount of and the accrued interest on this Bond to the new registered holder noted next to such date, except for amounts of principal and interest theretofore paid.

Date of Transfer	Name of New Registered Holder	Signature of Bond Registrar
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____

_____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____ _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatsoever.

SCHEDULE A

SCHEDULE OF AMOUNTS ADVANCED

Date	Advances	Total Amount Advanced	Notation Made By

SCHEDULE B

Date	Principal	Interest	Administrative Expense Surcharge	Loan Loss Reserve Surcharge	Total Loan Payment

APPENDIX C

ADDITIONAL REPRESENTATIONS AND COVENANTS

None

APPENDIX D

$603,173
Wastewater System Revenue Bonds
(DNRC Water Pollution Control State Revolving Loan Program)
Consisting Of
$295,173 Subordinate Lien Taxable Series 2024A Bond
And
$308,000 Series 2024B Bond

COMPLIANCE CERTIFICATE AND REQUEST

We, _____ and _____, hereby certify that we are on the date hereof the duly qualified and acting Mayor and Town Clerk, respectively, of the Town of Fromberg, Montana (the "Borrower"), and that:

1. Pursuant to Resolution No. _____ adopted on _____, 2024, by this Council (the "Resolution"), entitled "Resolution Relating to its $603,173 Wastewater System Revenue Bonds (DNRC Water Pollution Control State Revolving Loan Program), consisting of a $295,173 Subordinate Lien Taxable Series 2024A Bond and a $308,000 Series 2024B Bond; Authorizing the Issuance and Fixing the Terms and Conditions Thereof", the Borrower issued its Subordinate Lien Wastewater System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Taxable Series 2024A, dated, as originally issued, as of _____, 2024, in the maximum aggregate principal amount of $295,173 (the "Series 2024A Bond") and its Wastewater System Revenue Bond (DNRC Water Pollution Control State Revolving Loan Program), Series 2024B, dated, as originally issued, as of _____, 2024, in the maximum aggregate principal amount of $308,000 (the "Series 2024B Bond"). The Borrower has reviewed the Resolution, including, without limitation, Articles II and III of the Resolution, and the definitions relating thereto. The Borrower acknowledges and agrees that the Series 2024A Bond evidences loans made to the Borrower from the DNRC from funds made available to the DNRC from the 20____ EPA Capitalization Grants, and that this Certificate is being relied upon by the DNRC for ensuring compliance with requirements applicable to the Borrower, the DNRC, and the Series 2024 Project (as hereinafter defined). Capitalized terms used herein without definition shall have the meanings given them in the Resolution.

2. The Series 2024A Bond is issued to finance a portion of the costs of construction and installation of various improvements to the System, generally described as the Series 2024 Project in the Resolution. Construction of the Series 2024 Project has complied with all federal and state standards, including, without limitation, EPA regulations and standards. The Series 2024 Project is expected to be completed and placed in service on or about _____.

3. Costs of the Series 2024 Project in the amount of $_____ have been paid as of the date of delivery of this Certificate. The Borrower hereby waives its right to any remaining 2024A Committed Amount or 2024B Committed Amount not advanced or to be advanced upon delivery hereof. The Borrower specifically confirms and agrees that any remaining amounts of the 2024 Loans to be lent to the Borrower, if any, shall be evidenced by the Series 2024B Bond.

SAMPLE

4. As of the date hereof, the Borrower has spent the following amounts in connection with the Series 2024 Project and costs related thereto:

Construction	$
Loan Reserves	
Bond Counsel	
Administrative	
Preliminary Engineering	
Engineer Design	
Construction Engineering	
Contingency	
TOTALS	$

Of such amounts, $_____ were paid from advances of proceeds of the Series 2024A Bond. In addition, as of the date hereof, _____ of the proceeds have been applied to Green Infrastructure.

5. The Trustee has delivered to the Borrower a copy of Schedule B to be attached to the Series 2024A Bond and Schedule B to be attached to the Series 2024B Bond, each of which reflects the amortization of all advances made or to be made on the date hereof of proceeds of the Series 2024A Bond and the Series 2024B Bond, respectively (i.e., $_____ in respect of the Series 2024A Bond (the sum of the amounts of the Series 2024A Bond applied to pay costs of the Series 2024 Project or costs of issuance of the Series 2024 Bonds) and $_____ in respect of the Series 2024B Bond (the sum of the amounts of the Series 2024B Bond applied to pay costs of the Series 2024 Project or costs of issuance of the Series 2024 Bonds or deposited in the Series 2024 Reserve Subaccount as described in paragraph 6 hereof)), as required under Section 7.08(a) of the Indenture. The Borrower hereby acknowledges and agrees that each Schedule B has been calculated in accordance with the provisions of the Resolution and the Indenture, and that each of the Series 2024A Bond and the Series 2024B Bond, with said Schedule B attached thereto, has been duly issued pursuant to the Resolution and is a valid and binding obligation of the Borrower in accordance with its terms and the terms of the Resolution; provided, however, if the DNRC delivers a Forgiveness Statement, the Borrower's obligation to repay the principal of the Series 2024A Bond and interest and surcharges thereon is thereupon forgiven, and if the DNRC delivers a Noncompliance Certificate, amounts advanced under the 2024B Loan evidenced by the Series 2024A Bond shall bear interest from and after the 2024A First Advanced at the rate of two percent (2.00%) per annum and the Borrower shall pay currently with interest the Administrative Expense Surcharge and the Loan Loss Reserve Surcharge, all as described in Section 5.1.2 of the Resolution.

6. The representations of the Borrower contained in Articles II and III of the Resolution are true and complete as of the date hereof as if made on this date, except to the extent that the Borrower has specifically advised the DEQ and the DNRC otherwise in writing.

7. No default in any covenant or agreement on the part of the Borrower contained in the Resolution has occurred and is continuing.

SAMPLE

8. The Borrower is delivering this Certificate to the DNRC, in part, to ensure compliance with EPA regulations and standards. The Borrower certifies that all laborers and mechanics employed by contractors and subcontractors on the Series 2024 Project have been and will be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the United States Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code.

9. The Borrower acknowledges and agrees that this Certificate completed by the Borrower in form satisfactory to the DNRC must be executed and delivered to the DNRC by the date that is 30 days after receipt of the form of this Certificate from the DNRC. By submitting this Certificate, the Borrower requests that the DNRC forgive the obligation of the Borrower to repay the principal of the Series 2024A Bond, together with interest and surcharges thereon. The Borrower acknowledges and agrees that (i) the forgiveness of principal of and interest and surcharges on the Series 2024A Bond by the DNRC is contingent on the timely delivery of this Certificate by the Borrower in satisfactory form as determined in the DNRC's sole and complete discretion, (ii) the DNRC has no obligation to grant such forgiveness; (iii) if the DNRC delivers to the Borrower a Noncompliance Certificate, (a) the obligation of the Borrower to repay the principal of the Series 2024A Bond plus interest and Administrative Expense Surcharge and Loan Loss Reserve Surcharge thereon shall continue in full force and effect until the principal of the Series 2024A Bond advanced and interest, Administrative Expense Surcharge, and Loan Loss Reserve Surcharge thereon are paid in full, as set forth in Schedule B delivered pursuant to paragraph 5 above, and as provided in the Series 2024A Bond and the Resolution, and (b) the Borrower shall, as necessary, within the 3-month period specified in the 2024 Resolution, adjust its rates and charges to produce Net Revenues and Surplus Net Revenues required by the rate covenant in the Resolution.

WITNESS our hands on behalf of the Borrower and the seal of the Borrower as of this _____ day of _____, 20__.

TOWN OF FROMBERG, MONTANA

_____
Mayor

_____
Town Clerk

SAMPLE

RESOLUTION NO. 526

RESOLUTION OF INTENTION OF THE TOWN OF FROMBEG TO INCREASE RATES AND CHARGES FOR THE USERS OF THE TOWN'S WATER SYSTEM

RECITALS

WHEREAS, the Town of Fromberg, in Carbon County, Montana (the "Town") owns a water system (the "System"); and

WHEREAS, the Town hired Great West Engineering (the "Engineer") to conduct an engineering analysis of the System; and

WHEREAS, the Town and the Engineer have developed a plan for the replacement of a section of drinking water transmission main line, with an estimated cost of approximately $1,515,499 (the "Project"); and

WHEREAS, the Town has received commitments for loans in the amount of $830,000 from the Montana Department of Natural Resources and Conservations (with $617,000 of the loans to be forgiven under certain circumstances and $213,000 payable over 30 years at 2.50% interest) and has procured American Recovery and Reinvestment Act grant funds in the amount of $677,999; and

WHEREAS, the Town has determined it is necessary to change the rates and charges for the services provided by the System in order to collect sufficient revenues to pay bonds issued for System improvements and meet bond covenants on coverage, establish reserves and pay costs associated with the operation and maintenance of the System; and

WHEREAS, the Town is required to provide notice and a public hearing prior to the passage or enactment of a resolution imposing, establishing, changing or increasing rates, fees, or charges for water services or facilities.

NOW, THEREFORE, BE IT RESOLVED by the Town Council (the "Council") of the Town as follows:

Section 1. Reasons for Proposed Increase in Water User Charges. It is the intent of the Town to implement a rate increase for users of the System as set forth herein. The reason for the proposed increased in rates is that the Town will need to borrow approximately $213,000 (payable over 30 years at an interest rate of 2.5% per annum) as part of the Town's portion of the construction costs of the Project, and the costs of operating the Town's water system. The debt service coverage requirements for such loan repayment and reserves, as well as debt service coverage on existing water debt, will be approximately $53,212 per year and the expenses for that water system, including operation and maintenance are estimated at $150,265 per year. These obligations, along with the increasing costs of operation and the need to maintain reasonable reserves, require a monthly base rate increase of $12.00 per month per equivalent dwelling unit (EDU).

Section 2. Proposed Changes and Increases in Water Rates and Charges.

The Town's current monthly base rate is as follows:

User Categories	Current Base Rate
Residential Active	$45.00
Commercial Active	$45.00
Non-Residential Active	$50.00
Non-Active	$29.00

Bulk Water Users - $3.00 per token for approximately 200 gallons.

The proposed new monthly base rate anticipates an increase of $12.00 to the current base rate as follows:

User Categories	Current Base Rate
Residential Active	$57.00
Commercial Active	$57.00
Non-Residential Active	$62.00
Non-Active	$41.00

Bulk Water Users - $3.00 per token for approximately 200 gallons.

Section 3. Effective Date of New Rates. The proposed new rates would go into effect for July 1, 2024 billing. Subsequent adjustments to the rates will be made by resolution of the Council duly adopted after a public hearing with notice thereof given as provided by law.

Section 4. Further Rate Study and Changes. The Town will conduct further rate studies to determine if rates need to be further adjusted to provide adequate funds to operate and maintain the System and to satisfy debt service and covenant obligations and maintain appropriate reserves.

Section 5. Public Hearing. A public hearing on the proposed rate increase will be held on June 10, 2024, commencing at 6:30 PM at the Fromberg Town Hall, located at 118 W River St, Fromberg, Montana.

Section 6. Notice. The Clerk is hereby authorized and directed to publish or cause to be published a notice of the passage of this resolution in the Carbon County News, a newspaper of general circulation in the Town, on the dates of May 23 and May 30 and June 6, in the form and manner prescribed by Section 69-7-111(3) MCA, and to mail or cause to be mailed a copy of said notice to all customers of the System at least 7 days and not more than 30 days prior to the public hearing. The Clerk will also mail a copy of the Notice to the Montana Consumer Counsel.

Passed and approved this 13th day of May, 2024.

Attest:

_____
Tim Nottingham, Mayor

_____
Kirstin Sweet, Town Clerk Pro Tem

RESOLUTION NO. 527

RESOLUTION OF INTENTION OF THE TOWN OF FROMBERG TO INCREASE RATES AND CHARGES FOR THE USERS OF THE TOWN'S SEWER SYSTEM

RECITALS

WHEREAS, the Town of Fromberg, in Carbon County, Montana (the "Town") owns a sewer system (the "System"); and

WHEREAS, the Town hired Great West Engineering (the "Engineer") to conduct an engineering analysis of the System; and

WHEREAS, the Town and the Engineer have developed a plan for the replacement of a section of wastewater transmission main, with an estimated cost of approximately $736,674 (the "Project"); and

WHEREAS, the Town has received commitments for loans in the amount of $603,173 from the Montana Department of Natural Resources and Conservations (with $295,173 of the loans to be forgiven under certain circumstances and $308,000 payable over 30 years at 2.50% interest) and has received $126,001 of American Recovery and Reinvestment Act grant funds; and

WHEREAS, the Town has determined it is necessary to change the rates and charges for the services provided by the System in order to collect sufficient revenues to pay bonds issued for System improvements and meet bond covenants on coverage, establish reserves and pay costs associated with the operation and maintenance of the System; and

WHEREAS, the Town is required to provide notice and a public hearing prior to the passage or enactment of a resolution imposing, establishing, changing or increasing rates, fees, or charges for sewer services or facilities.

NOW, THEREFORE, BE IT RESOLVED by the Town Council (the "Council") of the Town as follows:

Section 1. Reasons for Proposed Increase in Sewer User Charges. It is the intent of the Town to implement a rate increase for users of the System as set forth herein. The reason for the proposed increase in rates is that the Town will need to borrow approximately $308,000 (payable over 30 years at an interest rate of 2.5% per annum) as part of the Town's portion of the construction costs of the Project, and the costs of operating the Town's sewer system. The debt service coverage requirements for such loan repayment and reserves, as well debt service coverage on existing sewer debt, will be approximately $51,334 per year and the expenses for that sewer system, including operation and maintenance are estimated at $136,605 per year. These obligations, along with the increasing costs of operation and the need to maintain reasonable reserves, require a monthly base rate increase of $8.00 per month.

Section 2. Proposed Changes and Increases in Sewer Rates and Charges.

The Town's current monthly base rate is as follows:

User Categories	Current Rate
Active	$67.00
Non-Active	$36.00

The proposed new monthly rate anticipates an increase of $8.00 to the current rate as follows:

User Categories	Current Rate
Active	$75.00
Non-Active	$44.00

Section 3. Effective Date of New Rates. The proposed new rates would go into effect for July 1, 2024 billing. Subsequent adjustments to the rates will be made by resolution of the Council duly adopted after a public hearing with notice thereof given as provided by law.

Section 4. Further Rate Study and Changes. The Town will conduct further rate studies to determine if rates need to be further adjusted to provide adequate funds to operate and maintain the System and to satisfy debt service and covenant obligations and maintain appropriate reserves.

Section 5. Public Hearing. A public hearing on the proposed rate increase will be held on June 10, 2024, commencing at 6:30 PM at the Fromberg Town Hall, located at 118 W River St, Fromberg, Montana.

Section 6. Notice. The Clerk is hereby authorized and directed to publish or cause to be published a notice of the passage of this resolution in the Carbon County News, a newspaper of general circulation in the Town, on the dates of May 23 and May 30 and June 6, in the form and manner prescribed by Section 69-7-111(3) MCA, and to mail or cause to be mailed a copy of said notice to all customers of the System at least 7 days and not more than 30 days prior to the public hearing. The Clerk will also mail a copy of the Notice to the Montana Consumer Counsel.

Passed and approved this 13th day of May, 2024.

Attest: _____
Tim Nottingham, Mayor

_____
Kirstin Sweet, Town Clerk Pro Tem

RESOLUTION NO. 528

RESOLUTION OF INTENTION OF THE TOWN OF FROMBERG TO INCREASE RATES FOR THE USERS OF THE TOWN'S GARBAGE SERVICES AND IMPLEMENT A FOUR (4) YEAR PLAN OF INCREASES.

WHEREAS, under section 69-7-101, Montana Code Annotated, the City has the power and authority to regulate, establish, and change, as it considers proper rates, charges, and classifications imposed for utility services to its inhabitants and other persons served by the municipal systems. Rates, charges, and classifications must be reasonable and just; and

WHEREAS, it will be necessary for the City to collect sufficient revenues to repay outstanding bonds payable from the revenues of its *garbage system* (the "system"), pay costs associated with the operation and maintenance of the system and establish appropriate reserves; and

WHEREAS, pursuant to Section 69-7-111, Montana Code Annotated, the Council shall order a public hearing prior to the passage or enactment of an ordinance or resolution imposing, establishing, changing or increasing rates, fees, or charges for services or facilities.

NOW BE IT RESOLVED, the first increase to services will go into effect on July 1, 2024 billing of utility services. The subsequent increases implemented with the four (4) year plan will each occur on the July services of each year.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Fromberg sets Garbage rates as follows:

Section 1. Intent to Increase Garbage User Charges. It is the intent of the Town to implement rate increases for users of the system, as set forth herein.

1.01 Current Rates.

Residential and Business Collection Charges are as follows:

- CONX 1: $17.00
- CONX 2: $34.00
- CONX 3: $51.00
- CONX 4: $68.00
- CONX 5: $85.00
- CONX 6: $102.00
- CONX 7: $119.00
- CONX 8: $136.00
- CONX 9: $153.00
- CONX 10: $170.00
- CONX 11: $187.00
- CONX 12: $204.00

1.02 Proposed Rate Increase.

Residential and Business Collection Charges are as follows:

- 96-gallon cart: $28.00
- 2-yard dumpster: $83.00
- 3-yard dumpster: $122.00
- 4-yard dumpster: $162.00
- 6-yard dumpster: $241.00
- 8-yard dumpster: $320.00

Section 2. Four (4) Year Plan for Yearly Rate Increases for fiscal years 2026-2029

Taking effect for July services each year, the rate increases will be as follows:

2.01 2025-2026 Garbage Rate Increase of 4.5%.

2.02 2026-2027 Garbage Rate Increase of 4.5%.

2.03 2027-2028 Garbage Rate Increase of 4.5%.

2.04 2028-2029 Garbage Rate Increase of 4.5%.

Section 3. Determination of Annual Budget for System. Each year the Council of the Town shall determine the amount of money needed to pay the costs of the system including but not limited to: (a) the payment of the reasonable expense of operation and maintenance of the system; (b) administration of the system; (c) the payment of principal and interest on any bonded or other indebtedness of the system; and (d) the establishment or maintenance of any required reserves, including reserves needed for expenditures for depreciation and replacement of facilities, as may be determined necessary from time to time by the Council or as covenanted in the ordinance or resolution authorizing any outstanding bonds of the system. Based on the annual needs of the system, the Council will establish garbage charges for the use and availability of the system.

Section 4. Further Rate Increases. Subsequent adjustments to the base rate charge or Usage Charge will be made by resolution of the Town Council duly adopted after a public hearing with notice thereof given as provided by law.

Section 5. Public Hearing. A public hearing on the rate increase will be held on Monday June 10, 2024, commencing at 6:30 p.m. at the Chambers of the Town Council, Town Hall, 118 W River St., Fromberg, Montana.

Section 6. Notice. The Town Clerk/Treasurer is hereby authorized and directed to publish or cause to be published a copy of a notice of the passage of this resolution in the *Carbon County News*, a newspaper of general circulation in the Town, on May 23, May 30 and June 6, 2024, in the form and manner prescribed by law, and to mail or cause to be mailed a copy of said notice to all persons served by the utility at least seven days and not more than 30 days prior to the public hearing. The mailed notice must contain an estimate of the amount the customer's average bill will increase under the proposed ordinance or resolution. The Town Clerk-Treasurer is also authorized and directed to mail by first class, postage prepaid, notice of all hearings to the Montana consumer counsel.

DULY passed and adopted at the Regular Meeting of the Fromberg Town council this 13th day of May 2024. This Resolution shall become effective immediately upon passage.

_____
Tim Nottingham, Mayor

ATTEST:

_____
Kirstin Sweet, Town Clerk Pro Tem

TOWN OF FROMBERG
PERSONNEL POLICY MANUAL
Revised 09/2021

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SECTION 1: GENERAL

1.010 GENERAL PURPOSE/SCOPE.

This manual is a general informational guide to the Town's current employment policies and shall not be construed as a contract, implied or otherwise. The Town reserves the right to amend, delete, supplement, or rescind any of the provisions of this manual, as the Town deems necessary and appropriate, without advance notice. These policies shall not be construed to create contractual rights or any type of promise or guarantee of specific treatment upon which any employee may rely. The Town also reserves the right to deviate from these policies in emergency situations, in order to achieve its primary mission of providing orderly and cost-efficient services to its citizens.

These personnel policies shall apply to all Town employees. They shall not apply to elected officials and independent contractors. In the event of conflict between any provision of this manual and any provision of a valid and effective collective bargaining contract or in cases where the application of these policies would conflict with applicable Civil Service rules and regulations, the provisions of the labor contract and/or the Civil Service rules shall govern. In all other cases, these policies shall govern.

1.020 EQUAL EMPLOYMENT OPPORTUNITY.

The Town is an equal employment opportunity employer. The Town employs, retains, promotes, terminates and otherwise treats all employees and job applicants on the basis of merit, qualifications, and competence. This policy shall be applied without regard to any individual's sex, race, color, religion, national origin, age, marital status, political beliefs, veteran/military status, genetic information or disability.

The Town will not discriminate against applicants or employees with a sensory, physical or mental impairment, unless the impairment cannot be reasonably accommodated and prevents proper performance of an essential duties and responsibilities of the job.

Employees with life threatening illnesses, such as cancer, heart disease, AIDS/HIV conditions, or communicable diseases such as tuberculosis or influenza, are treated the same as all other employees. They are permitted to continue working so long as they are able to maintain an acceptable level of performance and medical evidence shows they are not a threat to themselves or their co-workers. The Town will work to preserve the safety of all of its employees and reserves the right to reassign employees or take other job actions when a health or safety risk to fellow Town employees or the public exists.

1.030 HARASSMENT.

It is the policy of the Town that harassment will not be tolerated. Each individual has a right to work in a professional atmosphere that promotes equal employment opportunities and prohibits unlawful discriminatory practices, including harassment. Therefore, employees are expected to act in a professional, cooperative and respectful manner to all contacts.

The Town shall ensure equal employment opportunity without discrimination or harassment on the basis of race, color, religion, national origin, creed, sex, marital status, veteran/military status, genetic history, sexual orientation, political belief, age or disability both in or outside the workplace, on or off shift, in person or via electronic communication such as email, social media, etc.

Any employee who perceives a conversation or event as harassment, whether the employee is involved or merely observing, should explain to the offender in a calm, but firm manner that the action is perceived as inappropriate and the employee wishes the behavior to stop. Should the behavior continue, the employee should report the activity to their supervisor, the HR/EP Specialist or the Mayor.

The harassment allegation will be promptly investigated with due regard for confidentiality by the MAYOR and/or their designee, the Clerk, a designated Council Member, or an independent third party. The results of the investigation and the nature of the disciplinary action will be communicated to the complainant and the offender. Either the offended employee or the offender may appeal the decision through the normal grievance procedures if either submits a written statement concluding the findings were incorrect or the disciplinary action inappropriate.

The Town will not tolerate retaliation against an employee who makes a good faith report of alleged sexual harassment or participates in a sexual harassment investigation. A follow-up review will be completed within 6 months after harassment allegations have been confirmed to ensure the sexual harassment has discontinued and all parties involved are not subjected to retaliatory behaviors.

The Town encourages reporting of all perceived incidents of discrimination or harassment. It is the policy of the Town to promptly and thoroughly investigate such reports with due regard to confidentiality. The results of the investigation will be communicated to the complainant and the offender. Discipline will follow guidance found in the Discipline Policy.

Sexual Harassment.
According to the EEOC, sexual harassment may include, but is not limited to, unwelcome sexual advances, requests for sexual favors, and other verbal or physical advances of a sexual nature. Examples include:

- Occasions when such conduct, either explicitly or implicitly, is a term or condition of employment.
- Submission to, or rejection of, such conduct by an individual is used as the basis for employment decisions affecting such individuals.

1.040 DEFINITIONS
Department Head: An employee who has responsibility for directing one or more departments.

Immediate Family: An employee's immediate family includes the employee's spouse, child, parent, brother or sister, mother or father-in-law, son or daughter-in-law.

Regular Full-Time Employee: An employee who normally works 40 hours a week. Regular full-time employees are eligible for all employee benefits.

Regular Part-time Employee: An employee who works less than 40 hours a week. Regular part-time employees are eligible for limited benefits on a prorated basis.

Seasonal Employee: An employee designated as seasonal at time of hire, who performs duties interrupted by the seasons, and who may be recalled without the loss or rights of benefits accrued during the preceding season. A seasonal employee may be eligible for prorated benefits.

Short-term Worker: A short-term worker is hired to work for an hourly wage established by the Town for a period not to exceed 90 days within a 12-month period. Short-term workers are not eligible for permanent status and may not be hired without a competitive selection process. The short-term worker is not eligible for any employee benefits including leave, holiday benefits or any insurance benefits.

Temporary Employee: An employee who is hired on a temporary basis for a definite period of time not to exceed 12 months and will be terminated at the end of the employment period. This employee may perform temporary duties or regular duties on a temporary basis; however, the employee is not eligible to become a regular employee without completing a competitive selection process. Temporary employees may be eligible for limited or prorated benefits if they work the qualifying period.

1.050 EMPLOYEE PERSONNEL RECORDS.
A personnel file for each employee is kept in the Town Administrator's office, and access is limited to the employee's immediate supervisor, the department head, and the Mayor. An employee's personnel file contains the employee's name, title and/or position held, job description, department to which the employee is assigned, salary, changes in employment status, training received, performance evaluations, personnel actions affecting the employee, including discipline, and other pertinent information.

An employee has the right to review their file. An employee may request removal of what the employee believes to be irrelevant or erroneous information in their personnel file. If the Town denies the employee's request to remove the information, the employee may file a written rebuttal statement to be placed in their file.

Personnel files are kept confidential to the maximum extent permitted by law. Except for routine verifications of employment, no information from an employee's personnel file will be released to the public, including the press, without a written request for specific information.

1.060 REFERENCES.
The Town does not give references, other than to confirm the dates of employment and last salary, without the express written consent of the employee. Only the Mayor or designee will provide employment references on current or former regular Town employees.

SECTION 2: HOURS AND ATTENDANCE

2.110 WORKING HOURS.
The Town's work week is Friday at 12:00 am through Thursday at 11:59 pm. Each employee's department head will advise the employee regarding their specific working hours**.**

2.120 HOURS OF WORK AND OVERTIME.
All Town positions are designated as either "exempt" or "non-exempt" according to the Fair Labor Standards Act ("FLSA") regulations.

For all Town employees, the established work period is forty (40) hours within a seven (7) day work week.

Non-exempt employees are entitled to additional compensation, either in cash or compensatory time off, when they work more than the maximum numbers of hours during a work period.

Overtime pay is calculated at one and one-half times the employee's regular rate of pay for all time worked beyond the established work period.

When computing overtime, holidays, sick leave and vacation time are not counted as hours worked.

Exempt employees are not covered by the FLSA overtime provisions and do not receive either overtime pay or compensatory time in lieu of overtime pay.

2.130 COMPENSATORY TIME.

Nonexempt employees working over 40 hours per week will be paid overtime at 1 ½ times their hourly wage rate. For nonexempt employees the compensatory time always maintains a cash/payroll value for the employee. Maximum accruals of compensatory time shall be limited to forty (40) hours for regular employees, and eighty (80) hours for uniformed police personnel. Nonexempt employees must receive authorization to work overtime or comp time hours in writing from their supervisor, prior to working the additional hours. Hours for department heads is accrued at 1 ½ times for every hour over worked as overtime. Any accrued comp time hours will be paid to non-exempt employees upon termination of the employment relationship.

If the supervisor, the Mayor and/or their designee and the employee agree, the nonexempt employee can elect to accumulate compensatory time (comp. time) for use as time-off at a future date at a rate of 1 1/2 times the number of hours worked over the 40-hour work week.
Exempt employees do not receive compensatory time for hours worked over 40 hours per week.
Employees may use compensatory time within a reasonable time period after making a request to their department head, unless doing so would unduly disrupt Town operations. Compensatory time should be used for short term absences from work during times mutually agreed to by the employee and the department head. Accumulation of compensatory time to be used as a substitute for extended vacation time off is not normally permitted.

2.140 ATTENDANCE.

Punctual and consistent attendance is a condition of employment. Each department head is responsible for maintaining an accurate attendance record of their employees.

Employees unable to work or unable to report to work on time should notify their supervisor as soon as possible, ordinarily before the work day begins or within thirty (30) minutes of the employee's usual starting time. If an absence continues beyond one day, the employee is responsible for reporting in each day. If the supervisor is unavailable, the employee may leave a message with the Mayor or designated representative, stating the reason for being late or unable to report for work.

Employees are expected to be at work even during inclement weather. Department heads may allow employees to be late or leave early during severe weather conditions; however, non-attendance will be counted as absence from work and will be charged to accrued vacation time.

An employee who is absent without authorization or notification is subject to disciplinary action, including possible termination.

2.150 BREAKS AND MEAL PERIODS.
Employees may take one (1) fifteen-minute break for every four hours worked. All breaks shall be arranged so that they do not interfere with Town business or service to the public. Meal periods shall be scheduled by the employee's department head. The scheduling of meal periods may vary depending on department workload. Meal periods are unpaid and usually one-half hour in length.

2.160 CALL BACK.
All employees are subject to call back in emergencies or as needed by the Town to provide necessary services to the public. A refusal to respond to a call back is grounds for immediate disciplinary action, including possible termination. Employees called back to duty will be paid their appropriate rate of pay for hours worked (the overtime rate, if applicable.)

2.170 PAYROLL RECORDS.
The official payroll records are kept by the Financial Department. Each department head shall turn in on a regular basis a signed work record for each employee within their department, noting hours worked, leave taken and overtime worked during the previous pay period.

SECTION 3: RECRUITING AND HIRING

3.210 RECRUITING.
Recruiting practices are conducted solely on the basis of ability, merit, qualifications and competence, without regard to race, color, religion, national origin, sex, marital status, pregnancy, age, veteran/military status, genetic history or disability.

Each applicant shall complete and sign an application form prior to being considered as a finalist for any position. Resumes may supplement, but not replace, the Town's official application form. Applicants chosen for consideration as finalists on the basis of their resume or other information, shall complete a standard application form prior to being considered as a finalist for any position.

Any applicant supplying false or misleading information is subject to immediate termination if hired.

3.220 HIRING
The Town is an equal opportunity employer. The Town shall comply with all relevant federal and state laws, to include rules and regulations put forth by the Equal Employment Opportunity Commission, (EEOC). The Town shall adhere to all relevant provisions of the Americans with Disabilities Act, (ADA). The Town ensures equal employment opportunity regardless of race, religion, color, creed, national origin, sex, marital status, political belief, age, veteran/military status, genetic history or mental/physical disability, (as defined by the ADA), unless such disability effectively prevents the performance of the essential duties required of the position and which are bona fide occupational qualifications that cannot be accommodated without undue hardship to the Town.

If an employee believes that they have been subjected to discrimination, including harassment, based upon any of these factors, they should immediately contact their supervisor and pursue

corrective action. If the employee feels they need to resolve the problem by filing a grievance, they should pursue action through the Grievance Procedure stated within the Town of Fromberg's policy manual.

When a position becomes vacant and prior to any posting or advertisement of the vacancy, the department head shall review the position, its job description and the need for such a position. The department head will prepare and submit a written request to fill the position to the Mayor. The position will be posted and/or advertised only after the Mayor has approved the request.

Residency within the Town shall not be a condition of initial appointment or continued employment; provided, however, that an employee's selection of residence shall not interfere with the daily performance of their duties and responsibilities.

Applicants for positions in which the applicant is expected to operate a motor vehicle must be at least 18 years old and will be required to present a valid State driver's license with any necessary endorsements. Driving records of applicants may be checked. Applicants with poor driving records, as determined by the Town, may be disqualified for employment with the Town in positions requiring driving.

3.222 NEW EMPLOYEE ORIENTATION.

The Town of Fromberg will provide new employees with education specific to the equipment and tasks required of their position. New employees with be shown where the Town posts appropriate legal notices in regard to wage and hour, unemployment insurance, workers compensation and EEOC.

3.240 EMPLOYEE IN-PROCESSING/ORIENTATION:

All new regular full-time and regular part-time employees of the Town will be scheduled to meet with the Personnel Office on their first day of work for general orientation. The Personnel Officer will distribute and explain the various enrollment forms, etc. that must be filled out. Each new employee will be provided with information on employee benefits, Town policies and operations.

The hiring department provides additional information to the new employee, including:

1. Work standards and regulations
2. Hours of work, time cards or reports, leave requests
3. Duties of the position
4. Tour of the work area, location of supplies, equipment, etc.
5. Introduction to co-workers
6. Schedule for lunch and breaks
7. When and whom to report absence from work
8. Whom is responsible for performance planning and review.

3.250 SPECIAL EMPLOYMENT PROGRAMS /TEMPORARY EMPLOYEES

The Personnel Office is responsible for the coordination of all special employment programs funded by external agencies (i.e. Youth Training, AARP, Senior Placement Program, University Internships, Work Training Programs, etc.)

Department Heads will forward all requests for participation in special employment programs to the Personnel Office for coordination with the appropriate agency.

The Personnel Office will, in cooperation with the requesting department, develop a scope of work and qualifications statement to be used in the recruitment and selection of employees and in the definition of tasks to be performed during the period of employment.

The provider agency will review scope of work, qualifications, training, level of supervision, and safety for appropriateness.

The Personnel Office will maintain records on program participants including the contractual agreement between the Town and provider agency, scope of work and qualifications statement, and personal emergency data.

Dept. Heads/Supervisors shall provide the Personnel Office with regular performance evaluations on program participants and feedback on program strengths and weaknesses for overall evaluation by the Town.

3.260 TEMPORARY EMPLOYEES

With approval of the department head, temporary employees may be used during emergencies or other peak workload periods, to temporarily replace regular employees absent due to disability, illness, vacation or other approved leave, to temporarily fill a vacancy until a regular employee is hired. Temporary employees may be hired initially without competitive recruitment or examination but will not be eligible for permanent status without a competitive selection process.

3.270 PROBATIONARY PERIOD.

All newly hired employees or former employees who have been rehired enter a probationary period which is considered an integral part of the selection and evaluation process. During the probationary period an employee is required to demonstrate suitability for the position through actual work performance.

The normal probationary period is six (6) months from the employee's date of hire or rehire; however, longer periods may be established for positions requiring technical, professional, specialized, unusual or unique skills or qualifications.

An employee's probationary period may be extended for up to an additional six (6) months (when needed due to circumstances such as extended illness or a need to continue to evaluate marginal performance) to properly evaluate the employee's performance. The probationary period will not be shortened for any reason.

Employees will not be eligible to take vacation days accrued until 6 months of employment are complete. Sick Leave days may not be used until 90 days of employment are met.

During the probationary period, the employee may be terminated at any time, with or without cause.

When a department head determines an employee has satisfactorily completed the probationary period, the department head shall prepare a written performance evaluation, which will be reviewed by the Town Mayor. If the probationary period is satisfactorily completed, the employee may be certified to regular employment status.

3.280 EMPLOYMENT OF RELATIVES (NEPOTISM).
Employees' relatives will not be employed by the Town under any of the following circumstances:

(a) Where one of the parties would have authority (or practical power) to supervise, appoint, remove, or discipline the other;

(b) Where one party would be responsible for auditing the work of the other;

(c) Where both parties would report to the same immediate supervisor;

(d) Where other circumstances might lead to potential conflict among the parties or conflict between the interest of one or both parties and the best interests of the Town; or

(e) Where one of the parties is a policy level official of the Town.

"Relatives" include an employee's parent, child, spouse, brother or sister, in-laws and step relationships.

If two employees marry or become related or, and in the Town's judgment, the potential problems noted above exist or reasonably could exist, only one of the employees will be permitted to stay with the Town, unless reasonable accommodations, as determined by the Town Mayor, can be made to eliminate the potential problem. The decision as to which relative will remain with the Town must be made by the two employees within thirty (30) calendar days of the date they marry, or become related. If no decision has been made during this time, the Town reserves the right to terminate either employee.

3.290 PROMOTIONS AND TRANSFERS.
The Town encourages current Town employees to apply for vacant Town positions for which they are qualified. Promotions and transfers are based on the department head's recommendation, work force requirements, performance evaluations, job descriptions and related Town requirements.

Regular employees are eligible for promotion, transfer or voluntary demotion. To be considered for another position, an employee must possess the qualifications for the vacant position, unless such qualifications are waived by the Mayor in the best interests of the Town.

SECTION 4: COMPENSATION

4.310 SALARY CLASSIFICATION AND GRADES.
Each job title within the Town is classified into one of the Town's classifications for salary purposes, based on job qualifications, level of responsibility, difficulty, working conditions, skill, hazard, and amount of supervision required for the specific job title. Each classification is designated a particular salary or salary range shown on the Town's salary and wage schedule, which is approved periodically by the Town Council.

4.320 EMPLOYEE PAY RATES.
Employees shall be paid within the limits of the wage range to which their positions are assigned.

Usually, new employees will start their employment at the minimum salary rate for their classification. However, a new employee may be employed at a higher rate than the minimum when the employee's experience, training or proven capability warrant, or when prevailing market conditions require a starting rate greater than the minimum.

Pay increases are contingent on satisfactory performance. If an employee's performance is consistently unsatisfactory, the Mayor or designee may defer a scheduled pay increase for a stipulated period of time or until the employee's job performance is satisfactory.

The Mayor may propose and the Town Council may grant an across the board pay adjustment (cost-of living increase) from time to time, raising the wages of all positions by a specified amount within a defined group of classifications. Such adjustments, if any, will not change an employee's pay anniversary date.

4.330 PAYDAYS
All employees are paid on a bi-weekly pay schedule. All bi-weekly pay days will be the Thursday following the close of the pay period.

4.340 DEDUCTIONS.
Some regular deductions from the employee's earnings are required by law; other deductions are specifically authorized by the employee. The Town will withhold from the employee's paycheck those deductions required by law and any voluntary deductions authorized by the employee, applicable union contract, or statute.

4.350 TRAVEL AWAY FROM THE TOWN.
All travel away from the Town must be approved in advance by the Mayor. If private automobiles are used, employees will be reimbursed at rates established and modified from time to time by the standard allowable on the federal mileage reimbursement.

4.360 TRAVEL EXPENSE REIMBURSEMENT.
Town employees will be reimbursed per diem meal allowance (i.e. a daily flat rate payment in lieu of actual expenses). These allowances are established as follows:

GUIDELINES FOR MEALS

Breakfast	$ 6.00
Lunch	8.50
Dinner	13.00
Total	$ 27.50

Lodging costs shall be reimbursed at the actual cost of the hotel/motel room (Including tax), exclusive of service charges, room service, meals, and other items of extra cost. Receipts for the accommodation must be attached to the request for the reimbursement of travel expenses. (Employees should ask for availability of State rates).

Per diem eligibility unless otherwise authorized by a supervisor:

Breakfast	-leave 2 hours before shift start (usually 6 a.m.)
Lunch	-out of office before 10 a.m. and returning after 2 p.m.
Dinner	-return 2 hours after shift end (usually 7 p.m.)

Complimentary meals provided by hotels, motels, or common carriers *will not* reduce an employee's per diem meal allowance. If meals are included in tuition, registration fees, or provided to the employee by another party, the per diem or expense allowance *will be* reduced accordingly. Workshop or seminar registration fees will be reimbursed by the Town.

4.365 TRAVEL TIME

For employees not exempted from overtime and/or minimum wage or employees whose travel time is not covered by a collective bargaining agreement:

- Time spent in a travel status is considered as work time for wage payment purposes and for purposes of minimum wage and overtime calculation.
- Time spent in travel to special events, such as training or conferences, whether for a day, or for periods of overnight duration, is also work time.

When more than one employee shares personal transportation, only one mileage reimbursement may be claimed.

4.370 COMPENSATION UPON TERMINATION.

With the exception of a short-term worker as defined in 1.040, all employees at time of termination from employment are entitled to the following compensation:

(a) Regular wages for all hours worked up to the time of termination which have not already been paid.

(b) Any overtime or holiday pay due.

(c) If the six-month qualifying period is met, a lump sum payment of any accrued but unused vacation.

(d) If the employee has been employed for 90 days or more, a lump sum payment of one fourth accrued but unused sick leave.

(e) The amount received on termination must be paid within 15 calendar days of the termination date or the next payday, whichever is earlier.

SECTION 5: PERFORMANCE EVALUATIONS AND TRAINING

5.100 PERFORMANCE EVALUATIONS.

To achieve the Town's goal to train, promote and retain the best qualified employee for every job, the Town may conduct periodic performance evaluations for all positions. The Mayor is responsible for developing and maintaining the Town's performance evaluation program.

Employees are to be evaluated by their department heads prior to completion of their probationary period and at least once every 12 months thereafter.

The evaluation is part of an employee's personnel record and may be a factor in determining the employee's conversion to regular status, whether the employee receives a wage increase, or is to be promoted, transferred, demoted, laid off, or terminated.

The purpose of the employee performance evaluation is to: (1) provide introductory employment employees with timely reports of their progress and allow for correction of deficiencies; (2) supply all employees with positive recognition of strengths and special abilities and an opportunity to improve deficiencies; (3) provide an ongoing performance record which may become part of documentation used in making personnel actions; (4) provide an opportunity to discuss ways and means for improvement; and (5) cause current job descriptions to be formulated and or maintained.

Probationary Period Employees. Employees on introductory employment status shall be evaluated at the midpoint of such status and two weeks prior to the end of the introductory employment period, at which time the employees shall be advised of his/her status (regular of terminated).

All Personnel shall be evaluated at least once a year. For employees not on shift schedules, they shall be evaluated during the month of their anniversary date. Department heads may choose to evaluate employees more often.

Employee Anniversary Date List. It shall be the responsibility of each department head to maintain a list of employee anniversary dates and to evaluate his/her employees within the time frame given.

5.200 PERFORMANCE EVALUATION PROCESS

The employee and the department head shall complete an Employee Performance Evaluation Form. During this preparation, the employee and the immediate supervisor may discuss various aspects of completion of the form.

When the employee and supervisor have completed their form, they shall arrange for a conference. Each employee reads the completed form and signs it. The signed report is placed in the personnel file and will remain a part of the file as required by law or policy. An Employee Evaluation Form will be inserted for reference.

5.300 RATING DEFINITIONS:

Outstanding: Employee performs consistently far above the expected level with outstanding performance. Performance is definitely superior and well above the performance standards set for the position.

Above Standard: Employee performs consistently above the expected level of performance. This is the performance which is expected of a fully trained, qualified, and motivated employee and goes beyond adequate performance standards. It requires additional effort.

Standard: Employee performs consistently at the average level of efficiency, effectiveness and achieves set performance standards. This performance is adequate without any additional effort.

Below Standard: Employee performance is inconsistent and fluctuates. A significant part of the performance is below the performance standards set for the position. This review indicates that serious effort is needed to improve performance.

5.400 TRAINING POLICY.

The Town seeks, within the limits of available resources, to offer training to increase an employee's skills, knowledge and abilities directly related to Town employment, to obtain or maintain required licenses and certifications, and to develop staff resources. Opportunities may include, but are not

limited to: on-the-job training, in-house workshops, and seminars sponsored by other agencies or organizations.

SECTION 6: BENEFITS

6.100 RETIREMENT BENEFITS.

The Town makes contributions on behalf of all eligible employees to the Social Security System in addition to those contributions made by the employee through FICA payroll deductions.

All regular full-time and eligible part-time employees are covered under the State Public Employees Retirement System. Benefit levels and contribution rates are set by the State.

Employees intending to retire should notify their department head of their intent to retire at least three months prior to the date of retirement.

6.200 WORKER'S COMPENSATION.

All employees, The Town's Worker's Compensation Benefits are provided by the MMIA. This type of insurance covers employees in case of on-the-job injuries or job-related illnesses. For qualifying cases, MMIA will pay the employee for work days lost for any disability resulting from job-related injuries or illnesses. All job-related accidents should be reported immediately to the supervisor.

When an employee is injured due to an on-the-job accident, the employee is required to file a claim for Worker's Compensation. Employees are allowed, by law, to use their sick leave during the waiting period prior to receiving worker's compensation, but cannot use their leave along with worker's compensation.

When the employee receives Worker's Compensation benefits, the employee is required to repay to the Town the amount covered by Worker's Compensation and previously advanced by the Town. This policy is to ensure that employees will receive prompt and regular payment during periods of injury or disability so long as accrued sick leave is available, while ensuring that no employee receives more than the employee would have received had the injury not occurred. Upon the repayment of funds advanced, the appropriate amount of sick leave shall be restored to the employee's account.

The Town may require an examination at its expense, performed by a physician of his or her choice, to determine when the employee can return to work and if the employee will be capable of performing the duties and responsibilities of the position.

6.300 INSURANCE BENEFITS.

Employees are eligible to participate in the Town's insurance programs upon hire date, so as not to interrupt insurance provided by previous employer. Criteria for eligibility will be explained at the time the employee becomes eligible to join. The Town reserves the right to make changes in the carriers and provisions of these programs when deemed necessary or advisable.

An employee out on approved leave without pay absence for an entire calendar month where no paid time is received, will lose the Town's Health Insurance contribution at the beginning of the following month. At that time, if the employee does not return to work at the beginning of the second month, the employee's insurance will be cancelled. The employee will have the option to

continue coverage via COBRA and will have benefits reinstated upon returning to a paid status in a benefit eligible position. All out of pocket insurance expenses beyond the Town's contribution must be paid via check directly to Town Hall during the leave without pay period in which benefits are still active.

While an employee is receiving Worker's Compensation benefits, the Town may continue to pay the employee's health insurance premiums for one (1) month, after which the employee may choose to use their COBRA rights and self-pay insurance premiums.

Upon an employee's termination from Town employment, at the employee's option and expense, the employee may elect to continue Town health insurance benefits to the extent provided under COBRA. Continuation rights are not available if an employee is terminated for "gross misconduct."

An administrative handling fee over and above the cost of the insurance premium may be charged the employee or their dependents who elect to exercise their COBRA continuation rights.

6.400 UNEMPLOYMENT COMPENSATION.
Town employees may qualify for State Unemployment Compensation after termination from Town employment depending on the reason for termination and if certain qualifications are met.

6.500 LEAVES OF ABSENCE AND TIME OFF

6.510 LEAVES.
The Town has seven (7) different types of leave:

1. Vacation Leave.
2. Sick Leave.
3. Leave without pay.
4. Jury and Witness Leave.
5. Maternity Leave.
6. Military Leave.
7. Administrative Leave.

6.520 VACATION.
Each regular full-time, regular part-time employee and seasonal employee shall earn annual leave from the first day of employment, but will not be eligible to take the accrued leave until the employee successfully completes a six-month qualifying period.

Years of Service	Hours accrued per pay period for regular full-time employees	Amount accrued for regular part-time employees
0 – 10 years	4.62 hours	0.058 x number of hours paid
11 – 15 years	5.54 hours	0.069 x number of hours paid
16 – 20 years	6.46 hours	0.081 x number of hours paid
21 & over	7.38 hours	0.092 x number of hours paid

Regular part-time employees earn annual leave from the first day of employment, but will not be eligible to take the accrued leave until the employee successfully completes a six-month qualifying period. Vacation benefits are based upon the hours worked during the pay period.

Temporary and seasonal employees earn annual leave; however, they must be employed for six qualifying months before they may use the annual leave. In order to qualify, seasonal employees shall immediately report back for work when operations resume in order to avoid a break in service.

The maximum annual leave amount accumulated is twice the number of days earned annually at the end of any calendar year. Vacation leave exceeding the maximum amount must be used with 90 calendar days of the next calendar year in which the excess was accrued or it will be forfeited.

Requests for annual leave must be submitted in advance and pre-approved by the employee's supervisor or the Mayor and/or their designee. The annual leave will be approved after considering the best interest of the Town, the employee's unit, and employee's request. Employees who need to use annual leave due to extenuating circumstances before they finish the qualifying period may ask their supervisor, the Mayor and/or designee to grant paid annual leave with the understanding that their leave balance will be affected if their employment is terminated before completing the qualifying period. Should two employees request the same period of vacation, their supervisor or the Mayor has the discretion regarding the approval of leave requests.

An employee, who has passed the six-month qualifying period and has separated from the service of the Town for any reason, shall be entitled upon termination to cash compensation pay-out for unused vacation leave. The pay-out will be based upon the employee's salary at the time of termination.

6.530 SICK LEAVE.

All regular full-time regular employees earn sick leave from the first day of employment; however, they are not entitled to use paid sick leave until they have been employed continuously for the qualifying period of 90 days. Employees who are sick before they finish the qualifying period may ask their supervisor to grant paid sick leave with the understanding that their leave balance will be affected if their employment is terminated before completing the qualifying period. For calculating sick leave, 2080 hours (52 weeks X 40 hours) equals one year. Sick leave must be credited at the end of each pay period. Sick leave is earned at a rate of twelve working days for each year of service without restriction as to the number of working days that may be accumulated. Employees may not accrue sick leave while in a leave-without-pay status.

Regular part-time employees earn a prorated amount of sick leave if they have worked the qualifying period. Full-time temporary and seasonal employees are entitled to sick leave benefits provided they work the qualifying period.

Employees may use sick leave for personal illness or physical incapacity, sickness of immediate family member, or death in the immediate family of employee (refer to bereavement leave), or medical appointments for the employee and the employee's immediate family members. An employee's immediate family includes the employee's spouse, child, parent, brother or sister, mother or father-in-law, son or daughter-in-law. Sick leave benefits shall apply to bona fide cases

of sickness, accidents, doctor or dental appointments, maternity/paternity leave, and requests for the employees' presence due to immediate relatives' illness or emergency. Employees using sick leave that exceeds three consecutive workdays may be asked to furnish a medical certification from a qualifying medical professional.

An employee, who has been employed for 90 days or more, and separates from the Town, shall be entitled, upon termination, to cash compensation pay-out for unused leave equal to one-fourth of the accumulated sick leave. The pay-out will be based upon the employee's salary at time of termination.

Employees will be permitted to transfer sick leave from one employee to another. The receiving employee must have exhausted all accrued sick leave and vacation leave. The contributing employee must make the transfer request in writing and must maintain at least 40 hours of sick leave. The transferred sick leave will not change the receiving employee's employment status. The transferred sick leave is considered forfeited by the contributing employee and additional sick leave must be re-accrued. Employees shall not be coerced, intimidated or adversely persuaded to transfer their accrued sick leave to the receiving employee. Doing so may result in disciplinary action.

At the Town's request and expense, an employee may be subject to an examination by a physician following a sick leave or other absence occasioned by illness or injury to ensure the employee can complete the necessary functions of the position. Abuse of sick leave may result in disciplinary action.

Employees who use all their accumulated sick leave and require more time off work due to illness or injury may, with their department head's prior approval, take leave without pay. If the sick leave balance is exhausted, an employee may choose to use his/her accrued annual leave or Leave Without Pay (with approval from the supervisor-see LWOP policy). The Town may not require an employee to use Annual Leave for purposes of illness unless the employee agrees per MCA 2-18-615.

Employees accrue and may use sick leave after 90 days have been worked. Employees do not accrue sick leave benefits during a leave without pay.

6.540 LEAVE WITHOUT PAY.

The Mayor or designee may grant leaves of absence without pay for absence from work not covered by any other type of leave or if other leave balances are exhausted. Examples of situations for which leave without pay may be granted include time off work for personal reasons, such as prolonged illness, parenting, caring for an ill relative, pursuing an education (in excess of fifteen (15) days per year).

Only regular full-time and part-time employees who have satisfactorily completed their trial period are eligible for leave without pay. The following requirements apply:

(a) Leave may be granted to an employee for a period of up to ninety (90) days upon the approval of the Mayor or designee. Further extensions are at the discretion of the Mayor or designee.

(b) Accrued compensatory time, if any, and vacation leave must be exhausted prior to taking any leave without pay.
(c) Vacation, sick leave and/or any other benefits do not accrue while an employee is on leave without pay.

(d) An employee out on approved leave without pay absence for an entire calendar month where no paid time is received, will lose the Town's Health Insurance contribution at the beginning of the following month. In certain circumstances, self-payment of benefits may apply. See Section 6.3 on Insurance Benefits.

(e) An employee who fails to report promptly at the end of the unpaid leave is presumed to have resigned. An employee returning from a temporary disability may, at the Town's option, return to the same position or similar position at a comparable rate of pay.

(f) If the leave without pay is due to an illness, the Town may require a doctor's certificate stating that the employee is capable of returning to work and performing the work, duties and responsibilities of the employee's position.

6.550 JURY AND WITNESS LEAVE.
Employees may be granted time off with pay to serve on a jury or as a court witness. If an employee is summoned during a critical work period, the Town may ask the employee to request a waiver from duty.

An employee granted such leave shall reimburse the Town for any pay received while serving as a juror or witness.

6.560 MATERNITY LEAVE
It is the policy of the Town of Fromberg to conform to the Pregnancy Discrimination Act (Civic Rights Act of 1964 as amended, Title VII, Section 701 et seq,) as well as all relevant pregnancy leave provisions in federal, state, and local statues. A female employee will not be terminated because of her pregnancy. Employees who are disabled as a result of pregnancy will not be denied any compensation that they are entitled to as a result of the accumulation of leave benefits accrued; however, the Town reserves the right to require medical verification that the employee is not able to perform employment duties. The Town will grant the employee a reasonable leave of absence for pregnancy bill will not require an employee take a mandatory maternity leave for an unreasonable length of time.

Employees should notify their supervisor or the Mayor and/or their designee of a desire to take Maternity Leave upon confirmation of pregnancy. As soon as reasonable, the employee should report the expected due date, the estimated leave of absence, and anticipated complications that may affect current leave requests.

Upon signifying intent to return to work at the end of the leave of absence, the employee will be reinstated to the original job and/or equivalent position with equivalent pay and accumulated seniority, retirement, fringe benefits and other benefits.

Employees should notify their supervisor or the Mayor and/or their designee of a desire to take Maternity Leave upon confirmation of pregnancy. As soon as reasonable, the employee should

report the expected due date, the estimated leave of absence, and anticipated complications that may affect current leave requests.
Upon signifying intent to return to work at the end of the leave of absence, the employee will be reinstated to the original job and/or equivalent position with equivalent pay and accumulated seniority, retirement, fringe benefits and other benefits.

6.570 ADMINISTRATIVE LEAVE.
On a case-by-case basis, the Town may place an employee on administrative leave with pay for an indefinite period of time, as determined by the Mayor to be in the best interests of the Town during the pending of an investigation or other administrative proceeding.

6.580 MILITARY LEAVE.
The Town shall comply with all provisions outlined in the Uniformed Services Employment and Reemployment Rights Act, (USERRA, 38 USC Sec. 2021, [4321] et seq.) as well as all relevant state laws (to include MCA, 10-2-228 et seq.) covering members of the Montana Army and Air National Guard. An employee who is a member of the Montana National Guard or any United States military force or Reserve Corps and who has been an employee for a period of six months shall be given leave of absence with pay for a period of time not to exceed 120 hours in a calendar year. Unused leave can roll to the next calendar year, not to exceed a total of 240 hours for the year. It can be for attending regular encampments, training cruises, and similar training programs of the military forces of the United States. This leave will not be charges against the employee's annual vacation time. Employees employed less than six months are entitled to unpaid leave for the purposes listed above.

6.590 HOLIDAYS.
The following holidays are recognized by the Town:

New Year's Day	January 1
Martin Luther King Jr. Day	3rd Monday in January
President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	1st Monday in September
Columbus Day	2nd Monday in October
Veteran's Day	November 11
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving	Day after Thanksgiving
Christmas Day	December
State General Election Day (Congressional, Gubernator. Pres. Election)	

Any holiday falling on Saturday will be celebrated on the preceding Friday. Any holiday falling on Sunday will be celebrated on the following Monday.

Regular part-time and seasonal employees receive pay for the holiday on a prorated basis according to rules adopted by the department of administration or appropriate administrative officer under MCA 2-18-604**.**

A full-time employee who is scheduled for a day off on a day that is observed as a legal holiday, except Sundays, is entitled to receive a day off with pay either on the day preceding the holiday or on another day following the holiday in the same pay period or as scheduled by the employee and the employee's supervisor, whichever allows a day off in addition to the employee's regularly scheduled days off, provided the employee is in a pay status on the employee's last regularly scheduled working day immediately before the holiday or on the employee's first regularly scheduled working day immediately after the holiday. (MCA 2-18-603)

A short-term worker may not receive holiday pay.

Temporary employees will be paid at their regular straight-time rate for hours worked on a holiday.

6.595 RELIGIOUS HOLIDAYS.
If an employee's religious beliefs require observance of a holiday not included in the basic holiday schedule, the employee may, with the department head's approval, take the day off using vacation, compensatory time, or leave without pay.

SECTION 7: EMPLOYEE RESPONSIBILITIES AND CONDUCT

7.705 GENERAL POLICY.
The safety and welfare of the Town's citizens shall at all times be held as a central mission of government. All Town employees are expected to represent the Town to the public in a professional manner which is courteous, efficient and helpful. Employees must maintain a clean and neat appearance appropriate to their work assignment, as determined by their position and department head.

Since the proper working relationship between employees and the Town depends on each employee's on-going job performance, professional conduct and behavior, the Town has established certain minimum standards of personal conduct. Among the Town's expectations are: Basic tact and courtesy towards the public and fellow employees; adherence to Town policies, procedures, safety rules and safe work practices; compliance with directions from supervisors; preserving and protecting the Town's equipment, grounds, facilities and resources; and providing orderly and cost-efficient services to its citizens.

7.710 OUTSIDE EMPLOYMENT AND CONFLICTS OF INTEREST.
Employees shall not, directly or indirectly, engage in any outside employment or financial interest which may conflict, in the Town's opinion, with the best interests of the Town or interfere with the employee's ability to perform the assigned Town job. Examples include, but are not limited to, outside employment which:

(a) prevent the employee from being available for work beyond normal working hours, such as emergencies or peak work periods, when such availability is a regular part of the employee's job;
(b) are conducted during the employee's work hours;
(c) utilize Town telephones, computers, supplies, or any other resources, facilities or equipment;
(d) are employment with a firm which has contracts with or does business with the Town;

(e) may reasonably be perceived by members of the public as a conflict of interest or otherwise discredits public service.

An employee who chooses to have an additional job, contractual commitment or self-employment, may do so provided the employee obtains prior approval from the employee's immediate supervisor.

7.715 POLITICAL ACTIVITIES.
Town employees may participate in political or partisan activities of their choosing provided that Town resources and property are not utilized, and the activity does not adversely affect the responsibilities of the employees in their positions. Employees may not campaign on Town time or in a Town uniform or while representing the Town in any way. Employees may not allow others to use Town facilities or funds for political activities.

Any Town employee who meets with or may be observed by the public or otherwise represents the Town to the public, while performing the regular duties may not wear or display any button, badge or sticker relevant to any candidate or ballot issue during working hours. Employees shall not solicit, on Town property or Town time, a contribution for a partisan political cause.

Except as noted in this policy, Town employees are otherwise free to fully exercise their constitutional First Amendments Rights.

7.720 NO SMOKING POLICY.
For health and safety considerations, the Town prohibits smoking by employees in all Town facilities, including Town-owned buildings, vehicles, and offices or other facilities rented or leased by the Town, including individual employee offices.

7.725 USE OF TOWN EQUIPMENT.
Use of Town phones for local personal phone calls should be kept to a minimum; long distance personal use is prohibited. Other Town equipment, including vehicles, should be used by employees for Town business only. An employees' misuse of Town services, telephones, vehicles, equipment or supplies can result in disciplinary action including termination.

7.730 BULLETIN BOARDS.
Information of special interest to all employees is posted regularly on the Town bulletin boards. Employees may not post any information on these bulletin boards without the authorization of the Town Mayor.

7.735 CONTACT WITH NEWS MEDIA.
The Mayor or designated department heads shall be responsible for all official contacts with the news media during working hours, including answering of questions from the media. The Mayor or department head may designate specific employees to give out procedural, factual or historical information on particular subjects.

7.740 SEAT BELT POLICY.
Anyone operating or riding in Town vehicles must wear seat belts at all times.

7.745 DRIVER'S LICENSE REQUIREMENTS.
As part of the requirements for certain specific Town positions, an employee may be required to hold a valid State Driver's license.

If an employee's license is revoked, suspended or lost, or is in any other way not current, valid and in the employee's possession, the employee shall promptly notify the department head and will be immediately suspended from driving duties. The employee may not resume driving until proof of a valid, current license is provided to the department head.

Depending on the duration of license suspension, revocation or other inability to drive, an employee may be subject to disciplinary action, including termination.

7.750 SAFETY.
Every employee is responsible for maintaining a safe work environment and following the Town's safety rules. Negligence in adherence to on-the-job safety standards will be considered grounds for discipline and/or termination. Each employee shall promptly report all unsafe or potentially hazardous conditions to the department head. The Town will make every effort to remedy problems as quickly as possible.

In case of an accident involving a personal injury, regardless of how serious, employees shall immediately notify their department head and the Mayor.

7.755 SUBSTANCE ABUSE.
The Town may discipline or terminate an employee possessing, consuming, controlling, selling or using alcohol, drugs or other controlled substances during work hours. The Town may also discipline or terminate an employee who exhibits an on-going dependence on alcohol, drugs or other controlled substances which, in the Town's opinion, impairs the employee's work performance, poses a threat to the public confidence, or is a safety risk to the Town or others. The Town is committed to supporting employees who undergo treatment and rehabilitation for alcohol or other chemical dependency.

Employees who voluntarily report an alcohol, drug or controlled substance dependency problem will not be subject to retaliation or discrimination. Employees who voluntarily seek treatment may use sick leave to attend a bona fide treatment or counseling program. The Town may condition continued employment on the employee's successful completion of treatment or counseling programs and future avoidance of alcohol, drugs or other controlled substances.

Employees using any prescription or over the counter drugs which might impair their work performance should notify their department head. At the option of the department head, an employee may be reassigned to less hazardous duty or be placed on sick leave if impaired work performance might pose a threat to the public confidence or to the safety of the employee or others.

7.760 DRUG FREE WORKPLACE
In compliance with the Drug-Free Workplace Act of 1988, (Title 41-10-701 through 707, U.S.C. as amended), the Town is committed to providing an alcohol-free workplace. The Town prohibits the unlawful manufacture, distribution, sale, possession or use of a controlled substance or alcohol in the workplace or while conducting business. All employees must comply with this policy and notify the Mayor in writing of any drug statute conviction for a violation occurring in the

workplace no later than five (5) days after such conviction. The Mayor and/or their designee is responsible for notifying the appropriate federal granting agency of the conviction when the employee involved is working on a federal grant or contract, with ten (10) days of learning of the conviction. Employees who violate this policy may be subject to disciplinary action.

7.765 BREASTFEEDING IN THE WORKPLACE POLICY

Women returning from maternity leave who wish to continue breastfeeding or separate expression of milk for their child(ren) will be provided a private space (other than a toilet stall) with suitable lighting and electricity if necessary, for pumping apparatus. The selection of the space will be made on a case-by-case basis in consultation with the employee. Standard break times will be primarily utilized with additional unpaid break time provided as mutually agreed upon. Additionally, the Town will make every effort to provide suitable facilities for milk storage during the employee's daily work period. All requirements listed in MCA 39-2-215, 39-2-216, 39-2-217, whether or not specifically listed here, will be complied with.

7.770 GRIEVANCE PROCEDURE.

Employees are allowed to use the grievance procedure without penalty, harassment or retaliation for doing so. Each grievance will be fully processed until the employee receives a satisfactory decision/explanation or until the employee's right of appeal is exhausted.

Employees should attempt to resolve all disputes prior to involving the Mayor or his/her designee. Employees are encouraged to discuss disputes with their supervisors informally and in a timely fashion. The Clerk may attend meetings between the supervisor and employee if necessary. In the event a dispute cannot be resolved informally, the employee should file a grievance, in writing, to the supervisor within ten (10) business days of the occurrence of the disputed issue. The written grievance should outline the disputed issue, relevant facts, and appropriate remedy. Upon receipt of the written grievance, the supervisor will investigate the dispute and respond to the grievance within ten (10) business days of receipt of the grievance.

If the response is not acceptable to the employee, the employee may proceed to the next step. The employee may forward the written grievance to the Mayor or his/her designee within fourteen (14) business days from the date of the supervisor's response. The Mayor or his/her designee will investigate the grievance. The Mayor or his/her designee shall conclude his/her investigation and write a report within thirty (30) business days from receipt of the grievance appeal. This step concludes the final appeal process for the employee.

Information concerning employee grievances is confidential information and is to be discussed only with individuals involved in the investigation or on a need-to-know basis. Management decisions on grievances will not set precedent and are at the discretion of the Mayor or his/her designee so long as it does not violate any laws, regulations or policies set forth in this manual. Management decisions are not binding on future grievances unless they are officially stated as a policy.

SECTION 8: DISCIPLINE AND TERMINATION

8.810 DISCIPLINE.

Upon suspected violation of federal, state or local laws, Town rules and/or regulations, employee conduct/behavior/performance standards, or Town policies, the employee may be subject to disciplinary action. The supervisor of the employee in question shall notify the Mayor or his/her designee. The Mayor or his/her designee will task the supervisor and/or the Clerk to fully

investigate and document situations that may require disciplinary action. Employees may be placed on Administrative Leave (with or without pay) pending investigation. The employee will be interviewed during the investigation process. Prior to the investigation interview, the Mayor or his/her designee will inform the employee of the suspected violation and in general terms what the interview will be regarding.

The supervisor, Mayor or his/her designee, as well as the employee may request a support person to accompany them in the interview, if desired. The support, however, will be permitted for observation only and will not be permitted to participate in the interview.

The supervisor, the employee being investigated, the Clerk (if it is determined that he/she should attend) and the Mayor or his/her designee will meet and conduct the interview. The employee being interviewed may request a support person of his/her choosing be present at the interview; however, the support person will be permitted for observation only and will not be permitted to participate in the interview.

Upon conclusion of the investigation, it will be decided whether or not discipline is necessary. The Mayor or his/her designee shall inform the employee of the results of the investigation. If deemed necessary, the Clerk shall be present to document the hearing. During the hearing, the employee will be able to respond to the findings of the investigation. Upon completion of the hearing, the Mayor or his/her designee will write a letter to the employee documenting the investigation and hearing process has been completed, stating the findings and declaring the appropriate form of discipline as determined by the Town.

If the employee doesn't agree that the discipline was warranted or if he/she considers the disciplinary action inappropriate, the employee may follow the grievance procedure. Appropriate discipline, as determined by the Town, will be rendered in one of the following forms:

A. Oral Reprimand

The Mayor or his/her designee will meet with the employee and explain the problem as well as the necessary action required to correct the problem. The Mayor or his/her designee will also outline the time period in which the employee must correct the problem and the consequences should the employee not conform or comply with the necessary action. The Mayor or his/her designee will summarize the conversation with the employee in writing to document the disciplinary procedure as an oral reprimand. The employee and the Mayor or his/her designee will sign the summary which attests that the meeting took place, that the employee understood the problem and the corrective action required. The summary will be placed in the employee's personnel file.

B. Written Reprimand

The Mayor or his/her designee will document the problem in a letter to the employee. The Mayor or his/her designee will meet with the employee, present the letter, and explain the problem. During the meeting the Mayor or his/her designee will clarify the necessary corrective action, the time period to conform or comply with the corrective action, and the consequences should the employee not satisfactorily complete the necessary action. The letter to the employee will clarify that the employee is receiving a written reprimand as the disciplinary procedure. A copy of the letter must be signed by the employee that attests the employee participated in the meeting, understood the problem and the corrective action required, and received the written reprimand.

C. Suspension (with or without pay)
The Mayor or his/her designee will document the problem in a letter to the employee and indicate whether the employee is being suspended with or without pay. The Mayor or his/her designee will meet with the employee, present the letter, explain the problem and inform the employee of the severity of the discipline received. During the meeting, the Mayor his/her designee will clarify the necessary corrective action, the time period to conform or comply with the corrective action, and the consequences should the employee not complete the necessary action. The letter to the employee will clarify the effective dates of the suspension (with or without pay), the date and work schedule, and the date that the employee is to return to work. A copy of the letter must be signed by the employee that attests the employee participated in the meeting, understood the problem and the corrective action required, and that the form of discipline was suspension (with or without pay).

D. Demotion - Loss of Duty
The Mayor or his/her designee will document the problem in a letter to the employee and indicate the specific conditions of the demotion to include modified job duties and compensation, as warranted. The Mayor or his/her designee will meet with the employee, present the letter, explain the problem and inform the employee of the severity of the discipline received. During the meeting, the Mayor or his/her designee will clarify the necessary corrective action, the time period to conform or comply with the corrective action and the consequences should the employee not do the necessary action. The Mayor or his/her designee will determine if the demotion is a temporary disciplinary measure or a permanent job modification. In the event the demotion is a permanent job modification, the employee's job description will be updated to reflect such. A copy of the letter must be signed by the employee that attests the employee participated in the meeting, understood the problem and the corrective action required and that the form of discipline was a temporary or permanent demotion and loss of job duties/responsibilities. If the employee's job description was updated, the employee must sign the updated job description to reflect that the employee has had the modified duties communicated to the employee.

8.820 TERMINATION
If the appropriate disciplinary action is termination, a letter to the employee will document the problem and summarize the results of the investigation and hearing. The letter will detail the effective cause and date of discharge. The letter shall also include a copy of the Grievance Procedure Policies advising the employee of their right to use the procedures and to have the termination reviewed by appropriate Town authority**.**

8.840 LAYOFF/REDUCTION IN FORCE
The Mayor may lay off employees for lack of work, budgetary restrictions or other changes that have taken place.

Temporary employees or employees who have not completed their trial period will be laid off before regular employees are affected.

In determining who is to be laid off, consideration will be given to individual performance and the qualifications required for remaining jobs. Seniority will be considered when performance and qualifications are equal.

The Mayor and their designee have authority to determine if Town workload, funding or other business decisions are such that terminations (via layoff or reduction-in-force [RIF] are required. Whenever possible, employees will be provided at least two (2) weeks advance notification before the layoff or RIF. Regular employees will not be terminated if temporary or short-term workers are employed in the same work classification. The insurance company will work in conjunction with the Clerk to ensure relevant benefits information is forwarded to the employee at the last known address. Employees must keep the Town informed of the address and telephone number where they can be contacted in the event of a recall. If the Town is unable to contact an employee within seven days of the recall, the employee will be eliminated from the recall list and the Town

will have no further obligation to recall that employee. The Town will have no obligation to recall the employee if they have been on a continual layoff for a period of one (1) year. Employees will be directed by the Town Clerk/Treasurer as to their rights under the provisions of COBRA.

8.850 RESIGNATION.
An employee should provide two (2) weeks' notice of resignation. This time limit may be waived by the employee's department head or the Mayor.

8.860 DEATH.
Upon the death of an employee, all compensation due shall be paid to the surviving spouse or the estate of the employee in accordance with Section 2-18-617 and 2-18-618 MCA.

Revised 09/2020
MMIA Endorsed: August 2020
Town Attorney Revised: August 2020
Approved by Fromberg Town Council: September 1, 2020

RECEIPT PAGE:

It is expressly understood that the policy manual for the Town does not constitute a guarantee of employment or promise of any kind. The Town, in its sole discretion, may direct, hire, promote, transfer, assign and retain employees; supervise, discipline, and relieve employees from their duties; determine and change hours of work, shifts, and methods of operation; establish change or abolish its policies, practices, rules and regulations.

It is understood that the policy manual is issued to inform employees regarding the operating policies of the Town. The policy manual may be changed from time to time at the sole discretion of the Town, and is to be used as a guide to Town employees in the performance of their duties. Violations of the policies set forth in this manual may result in disciplinary action.

By signing this statement, the employee acknowledges the Town policy manual has been received and read and that the employee understands the policies contained herein.

_____. _____.
Signature Date

_____. _____.
Print Name/Position Date of Employment

_____. _____.
Supervisor Date

MIDCO
DIVING & MARINE SERVICES

April 23, 2024

Town of Fromberg
Attn: Marcus Schutterle
PO Box 236
Fromberg, MT 59029

RE: 2024 Tank Maintenance Project

Thank you for considering Midco Diving & Marine Services, Inc. – a proud member and supporter of the National Rural Water Association (NRWA). We are pleased to provide the following proposal to perform the scope of work outlined below.

All diving operations are fully insured for **"Commercial Diving Operations"** including: General Liability, Workman's Compensation, Hull Machinery, Protection and Indemnity, Pollution Liability, Maritime Employer's Liability, Contractor's Pollution, Automotive Liability, U.S.L.H., and Umbrella/Excess Liability/Bumbershoot. **Verifiable Certificates of Insurance with Current Limits** are available upon request.

Midco Diving & Marine Services, Inc. is in full compliance with OSHA 29 CFR 1910, Subpart T – Commercial Diving Operations regulations. OSHA specifies that the minimum acceptable dive crew size is three qualified divers. Not all firms comply with this mandate and continue to use two-person dive crews or unqualified personnel; please be aware of the safety concerns when evaluating our proposal.

Current diver and equipment certifications will be available on-site for review:

Diver training – from an accredited commercial dive school (each dive team member)
Current First Aid/CPR training (each dive team member)
Annual medical examination determining diver is fit to perform assigned tasks (each dive team member)
Air purity test for break air source(s) – tested every 6 months
Breathing gas supply hoses – tested at least annually to 1.5 times their working pressure
Depth gauges – calibrated every 6 months

TANK DESCRIPTION(S)

Tank	Capacity	Dimensions	Type
Tank 1	300K Gallons	16' Deep x 50' Long x 50' Wide	Concrete Below Grade

Inspection

The diver inspection with a live video recording will be transferred to a flash drive documenting our findings in each tank(s). Inspection procedures include, but are not limited to:

- Inlet / Outlet
- Overflow
- Roof and Roof Hatch
- Walls and Floors
- Baffles / Support Walls
- Interior Ladders
- Roof Vents
- Exterior Ladder & Rails
- Sumps
- Internal Plumbing
- Joints & Seams
- Telemetry
- Interior Coatings
- Exterior Coatings
- Sediment Depths
- Thermal Stratification
- Bio-film Buildup
- Passive / Active Mixers

Cleaning

Midco will remove up to three inches **(3")** of accumulated material from the storage tank floor using underwater vacuum procedures as needed. Material(s) that cannot be removed by normal vacuum procedures or material(s) in excess of three inches (3") will be removed for an **additional charge** with an estimated price given on site. Material(s) such as sand, gravel, and concrete are considered debris and will be removed by hand at an **additional charge**. All discharged materials, including water, are the responsibility of the Client, Owner, or Owners Representative unless prior arrangements are made.

Potable Water Operations – All Midco divers and associated in-tank equipment are fully disinfected in accordance with ANSI/AWWA Standard C652-19. All system entries will be conducted in accordance with applicable OSHA regulations pertaining to Diving & Confined Space; including 1910.401 – 1910.441. Specialty equipment may include but is not limited to; appropriate OSHA climbing and personal fall protection, AWWA, and ADCI-approved commercial diving equipment as it relates to in-service potable water operations.

MIDCO
DIVING & MARINE SERVICES

Cleaning & Inspection Pricing (Including Inspection Video) $3,876.00

Additional Services

☐ **Confidential Report Utilizing EPA Guidelines .....$325.00 Each**
☐ **Confidential Full Written Report Utilizing EPA or State Guidelines .....$450.00 Each**
☐ **No Report(s) Requested**

Pricing above does not include Local, State or Franchise Taxes – if any.

This proposal, when executed by both parties, shall constitute a binding agreement between the parties. The persons signing on behalf of the Client, Owner, or Owners Representative and Midco hereby represents and certifies that they are fully empowered to bind the respective parties to this contract. Any contract that is not fulfilled will be subject to a cancellation fee. **Terms are net 10 days from completed on-site work**; interest accrues at 1.5% monthly on any unpaid balance. Any fees required to obtain a city business license or any additional permits will be added to the final invoice at the current city rate plus appropriate markup. Please note the above pricing **does not include**; contract review, comprehensive dive plans, additional insurance requirements, third-party vendor verification site requirements, and/or any repair work unless stated with the above pricing. This proposal is valid for thirty (30) days from receipt.

To expedite your project please be aware of the following:

- The tank(s) must be full to overflow and in-service prior to the crews' arrival. In order to ensure diver safety, the headspace or air gap cannot exceed 10' from the access hatch regardless of overflow elevation.
- Access into the reservoirs must be sufficient for safe diver entry and exit. A minimum hatch size of 24" in diameter, no hatch obstructions, and unobstructed road access to the tank is required.
- Working with our scheduling department to complete the project in a timely and proficient manner, which may require weekend and/or holiday access.
- It will be the responsibility of the Client, Owner, or Owner Representative to notify antenna operator and/or owners prior to crews' arrival for proper lockout of all antennas, RF devices (Radio Frequency Antennas) and EME sources (Electromagnetic Energy) that may interfere with Midco team safety and access to the water reservoirs.

This quote has been prepared exclusively for your firm using the information you provide. Incorrect or inaccurate information used for estimate purposes that delays progress may influence your final price. The utility is responsible for all-weather access for Midco crew(s) and equipment. Any damages related to tank and/or site location(s) because of poor site conditions, (ex. snow, rain, mud, etc.) and obstructed road access may result in additional fees and/or a nominal trip charge to be applied to the final invoice. Interruptions in the work progression, not in control of Midco Diving & Marine Services, Inc., such as weather or other delays may also affect your final pricing. If Midco Diving & Marine Services, Inc. is unable to complete the work as described above due to lack of weekend and/or holiday access, tank access, water levels, safety issues, etc. a nominal trip charge and/or standby fee will be added. The contents of this quotation are considered confidential and are not to be divulged to third parties. Please note, it is the Client, Owner, and Owner Representative's responsibility to test and maintain for water quality.

All Midco Diving quotes are subject to the availability of personnel and equipment. Upon approval, please sign and return by fax, email, or mail to Midco Diving & Marine Services, Inc.

Town of Fromberg
PO Box 236
Fromberg, MT 59029

I have read, understand, and agree to the terms of this proposal:

By: _____

Title: _____

Date: _____

Midco Diving & Marine Services, Inc.
PO Box 513
Rapid City, SD. 57709
P: (800) 479-1558
F: (800) 238-0217

By: Kirk Lynch

Title: Montana Regional Account Manager

Date: April 23, 2024

Total for Payroll Checks

	Employee	Employer	Amount
COMP HOURS (Comp Time Used)	1.00		21.00
OVER HOURS (Overtime)	4.25		133.88
REG HOURS (Regular Time)	255.50		5,161.00
VACA HOURS (Vacation Time Used)	12.00		252.00
GROSS PAY	5,567.88	0.00	
NET PAY	4,909.14	0.00	
FIT	149.78	0.00	
MEDICARE	80.75	80.75	
MMIA - AD&D	0.00	1.25	
MMIA - DENTAL	0.00	33.00	
MMIA - HI	0.00	453.35	
MMIA - LIFE INS	0.00	5.75	
MMIA - VISION	0.00	6.50	
SIT	83.00	0.00	
SOCIAL SECURITY	345.21	345.21	
UNEMPL. INSUR.	0.00	36.20	
WORKERS' COMP	0.00	293.30	
FIT/SIT BASE	5,567.88	0.00	
MEDICARE BASE	5,567.88	0.00	
SOC SEC BASE	5,567.88	0.00	
UN BASE	5,567.88	0.00	
WC BASE	5,523.25	0.00	
Total		1,255.31	

Total Payroll Expense (Gross Pay + Employer Contributions): 6,823.19

Check Summary

Payroll Checks Prev. Out.	$72,918.57
Payroll Checks Issued	$5,408.99
Payroll Checks Redeemed	$0.00
Payroll Checks Outstanding	$78,327.56
Electronic Checks	$1,084.70

Deductions Accrued		Carried Forward From Previous Month	Deduction Checks Issued	Difference	Liab Account
Social Security	690.42		690.42		212501
Medicare	161.50		161.50		212502
Unempl. Insur.	36.20	68.25		104.45	212509
Workers' Comp	293.30			293.30	212508
FIT	149.78		149.78		212503
SIT	83.00		83.00		212504
MMIA - HI	453.35		453.35		212507
MMIA - DENTAL	33.00		33.00		212511
MMIA - LIFE INS	5.75		5.75		212512
MMIA - VISION	6.50		6.50		212513
MMIA - AD&D	1.25		1.25		212512

Total Ded.	1914.05	68.25	1584.55	397.75

**** Carried Forward column only correct if report run for current period.

Checks: 23069 to 23074

Electronic Checks: -89061 to -89054