

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the Lockwood Area/Yellowstone County Water and Sewer District, Montana (the "District"), hereby certify that the attached resolution is a true copy of Resolution No. 172, entitled: "RESOLUTION OF THE LOCKWOOD AREA/YELLOWSTONE COUNTY WATER AND SEWER DISTRICT, MONTANA RELATING TO ITS PHASE III SEWER SUBDISTRICT; DECLARING IT TO BE THE INTENTION OF THE DISTRICT TO UNDERTAKE CERTAIN LOCAL IMPROVEMENTS CONSISTING OF EXTENDING A SEWER COLLECTION SYSTEM TO SERVE THE PHASE III SEWER SUBDISTRICT AND TO UNDERTAKE TO AUTHORIZE SPECIAL ASSESSMENTS TO FINANCE THE COSTS THEREOF AND INCIDENTAL THERETO THROUGH THE ISSUANCE OF SPECIAL ASSESSMENT BONDS; AND CALLING FOR A PUBLIC HEARING THEREON" (the "Resolution"), on file in the original records of the District in my legal custody; that the Resolution was duly adopted by the Board of Directors of the District at a regular meeting on May 11, 2022, and that the meeting was duly held by the Board of Directors and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution, the following Directors voted in favor thereof: CARLOTTA HECKER STUART DEANS
CARL PETERS MERRILL WALKER SCOT BOWEN; voted against the same: NONE; abstained from voting thereon: NONE; or were absent NONE.

WITNESS my hand officially this 11TH day of May, 2022.

Carlotta Hecker
Secretary



RESOLUTION NO. 172

RESOLUTION OF THE LOCKWOOD AREA/YELLOWSTONE COUNTY WATER AND SEWER DISTRICT, MONTANA RELATING TO ITS PHASE III SEWER SUBDISTRICT; DECLARING IT TO BE THE INTENTION OF THE DISTRICT TO UNDERTAKE CERTAIN LOCAL IMPROVEMENTS CONSISTING OF EXTENDING A SEWER COLLECTION SYSTEM TO SERVE THE PHASE III SEWER SUBDISTRICT AND TO UNDERTAKE TO AUTHORIZE SPECIAL ASSESSMENTS TO FINANCE THE COSTS THEREOF AND INCIDENTAL THERETO THROUGH THE ISSUANCE OF SPECIAL ASSESSMENT BONDS; AND CALLING FOR A PUBLIC HEARING THEREON

RECITALS

WHEREAS, the Lockwood Area/Yellowstone County Water and Sewer District, Montana (the "District") is a county water and sewer district, validly organized pursuant to Title 7, Chapter 13, Parts 22 and 23, Montana Code Annotated (the "Act"); and

WHEREAS, the District was incorporated on January 23, 1997 and is located within the boundaries of Yellowstone County, a political subdivision of the State of Montana; and

WHEREAS, pursuant to Resolution No. 171, adopted by the Board of Directors of the District (the "Board") on April 13, 2022, the District, following a public hearing, created the Phase III Sewer Subdistrict; and

WHEREAS, the District now proposes to undertake additional improvements to the sewer system consisting of expanding the sewer collection system by installing gravity sewer mains, manholes, service line stubouts, lift stations, and other appurtenances (the "Phase III Sewer Improvements"); and

WHEREAS, the total estimated cost of the Phase III Sewer Improvements, including associated costs of financing, is approximately \$26,082,400 and costs in excess of the Bonds will be paid from a Montana Coal Endowment Program grant in the amount of \$750,000, and a DNRC Renewable Resource grant in the amount of \$125,000; and

WHEREAS, the District proposes to issue special assessment bonds in one or more series and to one or more purchasers in an aggregate principal amount not to exceed \$25,207,400 (the "Bonds") to pay for a portion of the costs of the Phase III Sewer Improvements; and

WHEREAS, it will be necessary for the District to collect sufficient revenues to repay the Bonds; and

WHEREAS, the Board has determined that it is in the best interest of the District and owners of property in the Phase III Sewer Subdistrict and the potential users of the System to pay

the capital costs of the Phase III Sewer Improvements through a special assessment to be levied against each tax code or property in the Phase III Sewer Subdistrict to be benefitted by the Phase III Sewer Improvements; and

WHEREAS, pursuant to Section 7-13-2333, M.C.A. and as provided in Sections 7-13-2280 through 7-13-2290, M.C.A., the District is authorized to levy special assessments against property located in the Phase III Sewer Subdistrict and benefitted by the Phase III Sewer Improvements and pledge the collections of the special assessments with any other revenue of the District to the payment of its special assessment bonds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "Board") of the District as follows:

Section 1. Capital Costs; Assessments.

1.01 Estimated Costs of Capital Improvements. The total cost of the Phase III Sewer Improvements is estimated to be approximately \$26,082,400. Costs of Phase III Sewer Improvements to be assessed against the properties in the Phase III Sewer Subdistrict benefitted by the Phase III Sewer Improvements, including all incidental costs to be assessed against properties in the Phase III Sewer Subdistrict benefitted by the Phase III Sewer Improvements, is estimated not to exceed \$25,207,400.

1.02 Property to be Assessed. All property capable of being served by the Phase III Sewer Improvements within the boundaries of the Phase III Sewer Subdistrict will benefit from the Phase III Sewer Improvements and will be assessed for the Phase III Sewer Improvements. Exhibit A hereto (which is hereby incorporated herein and made a part hereof) contains a description of each tax code or property in the Phase III Sewer Subdistrict to be assessed and the name and address of the owner of such tax code, if known. The term "tax code" as used in this resolution means the lot, tract, or parcel of real property that bears or is designated by a particular Tax ID number, as shown on the attached Exhibit A. The estimated total principal amount of the assessment against each tax code or property and the day when semi-annual payments of principal of and interest on the assessment becomes delinquent are also provided in Exhibit A.

1.03 Assessment Methodology. Each tax code or property in the Phase III Sewer Subdistrict will be assessed an equal amount based upon the total cost of the Phase III Sewer Improvements and costs incidental thereto to be financed by the Bonds, which is estimated to be \$25,207,400. By spreading the amount equally among all tax codes or properties in the Phase III Sewer Subdistrict, the total principal amount of the assessment per tax code or property in the Phase III Sewer Subdistrict is estimated to be \$32,276.

If an increase occurs in the number of tax codes within the boundaries of the Phase III Sewer Subdistrict during the term of the Bonds, the Board will recalculate the amount assessable to each tax code or property. The recalculation will be based on the amount of the outstanding principal of and interest on the Bonds for the fiscal year and the District will spread the assessments across the Phase III Sewer Subdistrict based on the number of benefitted tax codes

within the boundaries of the District as of the July 1 following the action that resulted in the increase in the number of tax codes or properties.

The lien of the special assessments to pay or finance the costs of the Phase III Sewer Improvements and incidental costs is not extinguished or diminished by the combination or consolidation of multiple tax codes or properties into fewer tax codes or properties; accordingly, the area consisting of the combined or consolidated tax codes or properties will be assessed in an amount equal to the amount it would have been assessed had the combination or consolidation of tax codes or properties not occurred.

1.04 Assessment Methodology Equitable and Consistent with Benefit. This Board hereby determines that the method of assessment and the assessment of costs of the specific Phase III Sewer Improvements against the properties benefited thereby as prescribed in this Section 1 are equitable and in proportion to and not exceeding the special benefits derived from the respective Phase III Sewer Improvements by the tax codes or properties to be assessed therefor within the Phase III Sewer Subdistrict.

1.05 Payment of Assessments. The assessments for the costs of the Phase III Sewer Improvements shall be payable over a term not exceeding 40 years, each in equal semiannual installments of principal, plus interest, or substantially equal semiannual payments of principal and interest, as this Board shall prescribe in the resolution authorizing the issuance of the Bonds. Property owners have the right to prepay assessments as provided by law. Assessments collected in excess of amounts then owing on the Bonds will be applied to prepay the Bonds.


Section 2. Public Hearing; Protests. At any time within thirty (30) days from and after the date of the first publication of the notice of the passage and approval of this resolution, any owner of real property within the Phase III Sewer Subdistrict subject to assessment for the cost and expense of making the Phase III Sewer Improvements may make and file with the Secretary of the District until 5:00 p.m., M.T., on the expiration date of said 30-day period (June 27, 2022), written protest against the proposed levy of assessments. Such protest must be in writing, identify the property in the Phase III Sewer Subdistrict owned by the protestor and be signed by all owners of the property. The protest must be delivered to the Secretary of the District, who shall endorse thereon the date of its receipt by him or her. This Board will, at a duly called public hearing, proceed to hear all such protests so made and filed; which said public meeting will be held on Wednesday, July 13, 2022, commencing at 7:00 p.m. at the Lockwood Middle School Commons located at 1932 U.S. Highway 87 East in Lockwood, MT. At a meeting of the Board immediately following the public hearing, the Board will pass upon the protests, and, if the protests are insufficient, determine whether to proceed with the method of special assessments specified above in this resolution. The Board may adjourn and continue the meeting from time to time.

Section 3. Notice. The District Secretary 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 *Yellowstone County News*, a newspaper of general circulation in the District, on May 27, 2022 and June 3, 2022, in the form and manner prescribed by law, and to mail or cause to be mailed a copy of said notice to all persons who own property corresponding to tax codes in the Phase III Sewer Subdistrict to be assessed.

Passed and approved this 11th day of May, 2022.


President

ATTEST:


Secretary