

**SPECIAL CONFERENCE CALL MEETING OF THE
MONTANA BOARD OF INVESTMENTS
DEPARTMENT OF COMMERCE**

**2401 Colonial Drive, 3rd Floor
Helena, Montana**

**October 9, 2013
2:00 PM**

AGENDA

- | | | |
|-------------|---|----------------|
| I. | CALL TO ORDER – Chairman Mark Noennig | 2:00 PM |
| | A. Roll Call | |
| | B. Public Comment – <i>Public Comment on issues with Board Jurisdiction</i> | |
| II. | QUALIFIED ZONE ACADEMY BONDS – Geri Burton, Deputy Director | 2:05 PM |
| | A. Kalispell Elementary and High School Districts – Review | |
| | B. Resolution No. 232 (Elementary District) – Decision | |
| | C. Resolution No. 233 (High School District) – Decision | |
| III. | ADJOURNMENT | 2:30 PM |

MEMORANDUM

Montana Board of Investments
Department of Commerce
2401 Colonial Drive, 3rd Floor
Helena, MT 59601
(406) 444-0001

To: - Members of the Board

From:  Geri Burton, Deputy Director
Louise Welsh, Senior Bond Program Officer 

Date: October 9, 2013

Subject: Qualified Zone Academy Bonds
Kalispell Public Schools – Resolution Nos. 232 and 233

Qualified Zone Academy Bond Program Background

In 1997, Congress authorized Qualified Zone Academy Bonds (QZABs) to promote initiatives between public schools and the private sector. QZABs enable qualified school districts to finance eligible projects at little or no interest cost. QZABs provide a different form of subsidy from traditional tax-exempt bonds. Interest on QZABs is paid by the federal government in the form of tax credits to the purchasers of QZABs. The amount of the annual tax credit a purchaser receives is based on the QZAB rate set by the U.S. Treasury Department (the qualified tax credit bond rate) on the day an agreement is signed to purchase the QZAB. QZABs must be issued by a state or local government and may be purchased by banks, insurance companies, and corporations actively engaged in the business of loaning money. At its June 2000 meeting, the Board authorized the creation of the Qualified Zone Academy Bond Program (QZAB Program). The QZAB Program is administered under the Municipal Finance Consolidation Act. Since the Program's inception, the Board has issued eight (8) QZABs totaling \$10,105,750.

There is a national QZAB bond limitation for each calendar year. The bond limitation is allocated among the states on the basis of populations of individuals below the poverty line. Unused allocations can be carried forward for two years. The Montana Office of Public Instruction (OPI) must authorize a school district's request for a QZAB allocation. Montana's allocation is \$1,179,000 for both calendar years 2012 and 2013.

Kalispell Elementary School District

Kalispell Elementary School District has requested the Board to purchase its \$619,800 limited obligation school district bonds by issuing a QZAB in the same amount. The bond proceeds will be used to finance costs of various energy conservation measures at Edgerton, Elrod, Cornelius Hedges, Lilian Peterson, and Russell Elementary Schools, and Kalispell Middle School. The term of the QZAB will be 15 fiscal years. OPI authorized the Elementary School District to use \$619,800 of the State's 2012 allocation for this purpose. The Elementary School District will contribute \$1,573 from cash on hand and \$35,000 of energy rebates towards the \$656,373 total project cost.

Kalispell High School District

Kalispell High School District has requested the Board to purchase its \$1,587,228 limited obligation school district bonds by issuing a QZAB in the same amount. The bond proceeds will be used to finance costs of various energy conservation measures at Flathead High School. The term of the QZAB will be 15 fiscal years. OPI authorized the High School District to use \$559,200 of the State's 2012 allocation and \$1,028,028 of the 2013 allocation for this purpose. The High School District will contribute \$4,018 from cash on hand, \$50,000 of energy rebates, and apply a \$1,010,067 Quality Schools Grant towards the \$2,651,313 total project cost.

QZABs require schools to obtain commitments from private entities to make qualified contributions of not less than 10 percent of the proceeds of the QZABs. The School Districts have received commitments from Ameresco, a provider of cost-saving energy management, energy efficiency and renewable energy solutions for public and private enterprises. The 10 percent contribution will come in the form of in-kind energy auditing and engineering services in the amount of \$61,980 for the Elementary School District and \$158,723 for the High School District. The School Districts are working with D.A. Davidson & Co. to coordinate the details of the QZAB financing, which includes facilitating the purchase of the QZABs. Rocky Mountain Bank of Kalispell will purchase the QZABs.

The QZAB bonds will be special, limited obligations of the Board. The State of Montana and the Board are not monetarily liable for repayment of the QZABs. The QZABs will be payable solely from the payments to be made by the School Districts. Resolution Nos. 232 and 233 create Sinking Funds into which the Elementary and High School Districts will be required to make annual payments. Funds in the Sinking Funds may be invested up to a rate set by the U.S. Treasury Department (the permitted sinking fund yield) on the day an agreement is signed to purchase the QZABs. Investment earnings in the Sinking Funds may be used towards repayment of the QZABs upon maturity.

Resolution No. 232

Resolution No. 232 authorizes the issuance and sale of the QZAB for the Elementary School District in an amount up to \$619,800. This authorizes the purchase by the Board of the Elementary School District bonds and the sale of the Board bonds to the purchaser for QZAB credit. The Resolution also authorizes the execution of various bond closing documents.

Resolution No. 233

Resolution No. 233 authorizes the issuance and sale of the QZAB for Kalispell High School District in an amount up to \$1,587,228. This authorizes the purchase by the Board of the High School District bonds and the sale of the Board bonds to the purchaser for QZAB credit. The Resolution also authorizes the execution of various bond closing documents.

Recommendation

Staff recommends the following:

1. Approval of Resolution Nos. 232 and 233.
2. Authorize staff to proceed to complete the QZAB financings.
3. Authorize staff to execute the bond closing documents.

CERTIFICATE AS TO RESOLUTION

I, the undersigned, being the duly qualified and acting Executive Director of the Board of Investments of the State of Montana (the "Board"), hereby certify that the attached resolution is a true copy of Resolution No. 232, entitled: "RESOLUTION RELATING TO UP TO \$619,800 MUNICIPAL FINANCE CONSOLIDATION ACT BONDS, TAXABLE SERIES 2013 (QUALIFIED ZONE ACADEMY BONDS/TAX CREDIT BONDS – KALISPELL ELEMENTARY SCHOOL DISTRICT PROJECT); AUTHORIZING AND APPROVING THE SALE AND ISSUANCE THEREOF AND PLEDGES AND ASSIGNMENTS OF THE BOARD'S INTEREST IN THE SCHOOL DISTRICT BONDS AND PAYMENTS THEREUNDER, FIXING THE FORM AND DETAILS, PROVIDING FOR THE PAYMENT AND SECURITY AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH" (the "Resolution"), on file in the original records of the Board in my legal custody; that the Resolution was duly adopted by the Board at a meeting on October 9, 2013, and that the meeting was duly held by the Board 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.

WITNESS my hand officially as such recording officer this ____ day of October, 2013.

David Ewer
Executive Director

RESOLUTION NO. 232

RESOLUTION RELATING TO UP TO \$619,800 MUNICIPAL FINANCE CONSOLIDATION ACT BONDS, TAXABLE SERIES 2013 (QUALIFIED ZONE ACADEMY BONDS/TAX CREDIT BONDS – KALISPELL ELEMENTARY SCHOOL DISTRICT PROJECT); AUTHORIZING AND APPROVING THE SALE AND ISSUANCE THEREOF AND PLEDGES AND ASSIGNMENTS OF THE BOARD'S INTEREST IN THE SCHOOL DISTRICT BONDS AND PAYMENTS THEREUNDER, FIXING THE FORM AND DETAILS, PROVIDING FOR THE PAYMENT AND SECURITY AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH

BE IT RESOLVED by the Board of Investments of the State of Montana (the "Board"), as follows:

Section 1. Recitals, Authorization and Sale.

1.1. Authority. The Board is a board of the Executive Branch of the Government of the State of Montana created pursuant to Montana Code Annotated, Section 2-15-1808, as amended. The Board is authorized under the Municipal Finance Consolidation Act of 1983, Montana Code Annotated, Title 17, Chapter 5, Part 16, as amended (the "Act"), to issue its obligations to provide funds to finance loans to and purchase the bonds and notes of other eligible governmental units, including school districts. Such bonds or notes may be sold at public or private sale, and must be authorized by a resolution of the Board.

1.2. The District; District Bonds and the BOI Bonds. School District No. 5 (Kalispell), Flathead County, Montana (the "District"), has requested that the Board issue its revenue bonds under the Act in the aggregate principal amount of up to \$619,800 (the "BOI Bonds"), and use the proceeds thereof to purchase the District's Limited Tax General Obligation School Building Bonds, Taxable Series 2013, in the aggregate principal amount of up to \$619,800 (the "District Bonds"). The proceeds of the District Bonds are to be used by the District for the purpose of paying the costs of various energy conservation measures at public school facilities of the District, including energy conservation measures at Edgerton School, Elrod School, Cornelius Hedges School, Lilian Peterson School, Russell School, and Kalispell Middle School (the "Project"), as authorized by Section 20-9-471, M.C.A., as amended. Costs of the Project in excess of the amounts available from the proceeds of the District Bonds will be paid from amounts on hand or available to the District.

The BOI Bonds will not be secured by the Municipal Finance Consolidation Act Reserve Fund created in Section 17-5-1630 of the Act or by any funds or assets of the Board other than its interest in the District Bonds and the payments to be made by the District thereunder.

1.3. Qualified Zone Academy Bonds. The BOI Bonds are intended to be issued as "qualified zone academy bonds" within the meaning of Section 54E of the Internal Revenue

Code of 1986, as amended (the "Code"), and the interest thereon will be includable in gross income for federal income tax purposes. The issuance of the BOI Bonds by the Board will ensure that the District Bonds comply with certain state laws.

1.4. Finding. Giving effect to the issuance of the BOI Bonds, the total outstanding indebtedness of the Board under the Act (exclusive of refunding bonds or indebtedness to purchase registered warrants or tax or revenue anticipation notes of a local government) is currently not greater than \$190,000,000.

1.5. Sale. The sale of the BOI Bonds is being facilitated by D.A. Davidson and Co., in the capacity of placement agent for the District (the "Placement Agent"). The BOI Bonds may be sold at a private sale, as provided by Section 17-5-1606(5)(b) of the Act and Section 17-5-117, M.C.A. The Placement Agent, on behalf of the District, solicited proposals for the purchase of the BOI Bonds. The District, in consultation with the Placement Agent, from proposals from prospective purchasers of the BOI Bonds, selected Rocky Mountain Bank, of Kalispell, Montana (the "Purchaser") as the purchaser that in the determination of the authorized officers of the District in consultation with the Placement Agent provides the most favorable terms of financing to the District. The Purchaser will agree to purchase the BOI Bonds within the limitations described in this Resolution and in the District's bond resolution dated October 8, 2013 (the "District Bond Resolution"), and on the further terms and conditions to be set forth in the agreement between the District, the Board, and the Purchaser, a draft form of which is on file at the offices of the Board of Investments and available to the Board and which will be finalized prior to the issuance of the BOI Bonds (the "Purchase Agreement"). The Purchase Agreement will also evidence the Board's agreement to purchase the District's Bonds. The Chair, Executive Director, Deputy Director, and Vice-Chair of the Board (collectively, the "Authorized Officers"), or any one or more of such officers, are hereby authorized to approve:

(i) the forms and terms of the Purchase Agreement and the Fiscal Agency Agreement (as hereinafter defined);

(ii) the purchase price of the BOI Bonds, provided that the purchase price equals the principal amount of the BOI Bonds;

(iii) the principal amount of the BOI Bonds, provided that such principal amount is not in excess of \$619,800;

(iv) the interest rate, if any, on the BOI Bonds;

(v) the maturity schedule of the BOI Bonds, provided that the BOI Bonds mature at any time or times or in such amount or amounts not later than 15 fiscal years after the date of issuance of the BOI Bonds; and

(vi) the terms of redemption of the BOI Bonds, provided that those terms are consistent with Section 3.7.

1.6. Related Documents. The following documents (collectively, the "Operative Documents") relating to the BOI Bonds will be prepared, subject to the approval of the

Authorized Officers, who are each authorized to review and approve the same, and which, upon approval, shall be placed on file in the office of the Board:

(a) the Purchase Agreement;

(b) a Fiscal Agency Agreement to be entered into by the Board, the District and U.S. Bank National Association, as registrar, paying agent, filing agent, custodian, and fiscal agent of the BOI Bonds (the "Fiscal Agency Agreement") a draft form of which is on file at the offices of the Board of Investments and available to the Board; and

(c) such other documents as are necessary or appropriate in connection with the issuance of the BOI Bonds.

The staff of the Board has reviewed and is satisfied with the form of resolution adopted by the Board Trustees of the District on September 10, 2013, preliminarily authorizing the issuance of the District Bonds, and the form of resolution adopted by the Board of Trustees of the District on October 8, 2013, authorizing the issuance of the District Bonds.

1.7. Recitals. All acts, conditions and things required by the Constitution and laws of the State of Montana, including the Act, in order to make the BOI Bonds valid and binding special, limited obligations of the Board in accordance with their terms and in accordance with the terms of this Resolution have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required or, by the date of issuance of the BOI Bonds, will have been done, will exist, will happen and will have been performed in regular and due form, time and manner as so required.

Section 2. Approval and Authorizations.

2.1. Subject to Section 2.6 below, to purchase the District Bonds, the Board hereby authorizes the issuance of the BOI Bonds as a series of revenue bonds designated, "Board of Investments of the State of Montana, Municipal Finance Consolidation Act Bonds, Taxable Series 2013 (Qualified Zone Academy Bonds/Tax Credit Bonds – Kalispell Elementary School District Project)," in the aggregate principal amount of up to \$619,800.

2.2. The Authorized Officers, or any one or more of such officers, are hereby authorized to negotiate, approve, execute and deliver the Purchase Agreement, subject to the parameters set forth in Section 1.5. The Purchase Agreement shall be dated on or about October 10, 2013. The approval of the Purchase Agreement shall be conclusively presumed by the execution thereof by two or more Authorized Officers.

2.3. The Authorized Officers, or any one or more of such Authorized Officers, are authorized to negotiate, approve, execute, and deliver the Fiscal Agency Agreement. The approval of such agreement shall be conclusively presumed by the execution thereof by two or more Authorized Officers.

2.4. In anticipation of the payments to be made under the District Bonds, the Board shall proceed to issue the BOI Bonds in the form and upon the terms provided by this Resolution. It is acknowledged that not all the terms of the BOI Bonds have been established as of the date of

adoption of this Resolution. The Authorized Officers, or any one or more of such officers, are authorized to finalize the form of the BOI Bonds attached hereto as Exhibit A, subject to the limitations in Section 1.5. The Chair and the Executive Director are authorized and directed to execute the BOI Bonds as prescribed in this Resolution and deliver them to the Registrar (as hereinafter defined), together with a certified copy of this Resolution and the other documents required by the Purchase Agreement and the Fiscal Agency Agreement, and such other documents as are required to be delivered in connection with the BOI Bonds, for authentication of the BOI Bonds by the Registrar and delivery by the Registrar of the BOI Bonds to the Purchaser.

2.5. The Authorized Officers, or any one or more of such officers, are authorized and directed to negotiate, execute, and deliver such documents or agreements that are ancillary to and required or appropriate in connection with the Purchase Agreement, the Fiscal Agency Agreement, or the BOI Bonds, and to prepare and furnish to the Purchaser and bond counsel, when the BOI Bonds are issued, certified copies of all proceedings and records of the Board relating to the BOI Bonds, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of the BOI Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them, or as may be necessary or desirable to accomplish the issuance and sale of the BOI Bonds, and all such certified copies, certificates, affidavits and documents, including any heretofore furnished, shall constitute representations of the Board as to the truth of all statements of fact contained therein.

2.6. Notwithstanding anything to the contrary herein, if the parties to any agreement relating to the BOI Bonds fail to reach agreement on the terms of any agreement or if the Authorized Officers should determine, in their discretion, that the transactions contemplated by the District Bonds or the BOI Bonds are not in the best interests of the Board, the Authorized Officers, acting on behalf of the Board, may elect not to proceed with the transactions contemplated herein.

Section 3. The BOI Bonds.

3.1. Principal Amount, Interest, Maturity, Denominations, Date. For the purpose of purchasing the District Bonds, the Board shall, upon satisfaction of the conditions described herein, forthwith issue and deliver the BOI Bonds. The BOI Bonds shall be denominated "Municipal Finance Consolidation Act Bonds, Taxable Series 2013 (Qualified Zone Academy Bonds/Tax Credit Bonds – Kalispell Elementary School District Project)."

The term of the BOI Bonds shall not exceed 15 fiscal years, and shall be subject to redemption as provided in Section 3.7 below and in the final form of the BOI Bond. The BOI Bonds may or may not bear interest, as determined in the Purchase Agreement.

In the event the date for the payment of principal or interest, if any, is not a Business Day, the Board shall make the payment on the following Business Day with the same effect as if it had been made on the date scheduled for such payment. As used in this Resolution, "Business Day" means any day other than (i) a Saturday or a Sunday, (ii) a day that is a legal holiday in the State of Montana, (iii) a day on which commercial banks in the city or cities in which are located

the Principal Office of the Registrar are authorized or required by law or executive order to close, or (iv) a day on which the New York Stock Exchange is closed.

3.2. Dating of BOI Bonds. The BOI Bonds shall be dated, as originally issued, as of the date of their issuance. Upon the original delivery of the BOI Bonds to the Purchaser and upon each subsequent transfer or exchange of a BOI Bond pursuant to Section 3.5, the Registrar shall date each BOI Bond as of the date of its authentication.

3.3. Registration; Method of Payment. The BOI Bonds shall be issued only in fully registered form. The interest, if any, on and the principal of each Bond, shall be payable by check or draft drawn on the Registrar upon surrender of such Bond at the operations center of the Registrar. The Bonds shall be payable in lawful money of the United States of America.

3.4. System of Registration. The Board shall appoint, and shall maintain, a paying agent, bond registrar, and fiscal agent (the "Registrar"). The Board shall establish a system of registration for the BOI Bonds as defined in the Model Public Obligations Registration Act of Montana, Montana Code Annotated, Title 17, Chapter 5, Part 11, as amended, by entering into the "Fiscal Agency Agreement" with the Registrar. The registration, transfer and exchange of the BOI Bonds shall be handled by the Registrar as provided in the Fiscal Agency Agreement.

3.5. Cancellation. All BOI Bonds surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter delivered to the Executive Director of the Board. Payments of principal of and interest, if any, on the BOI Bonds will be made in accordance with the schedule in or attached to the BOI Bonds. Surrender of the BOI Bonds shall not be necessary in connection with scheduled interim principal payments, but the BOI Bonds must be surrendered as a condition to payment of the final principal maturity thereof or payment or redemption of the BOI Bonds.

3.6. Appointment of Registrar. The Board hereby appoints U.S. Bank National Association, of Seattle, Washington, as the initial Registrar. Any one or more Authorized Officers are authorized to execute and deliver, on behalf of the Board, the Fiscal Agency Agreement with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company organized under the laws of the United States or one of the states of the United States and authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The District will pay the reasonable and customary charges of the Registrar for the services performed. The Board reserves the right to remove the Registrar, effective upon not less than thirty days' written notice and upon the appointment and acceptance of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and BOI Bonds in its possession to the successor Registrar and shall deliver the Bond Register to the successor Registrar. On or before each date that interest, if any, or principal is payable on the BOI Bonds, without further order of this Board, the Registrar shall transmit to the Purchaser, from available funds in the Sinking Fund, money sufficient for the payment of all principal and interest then due.

3.7. Redemption.

(a) No Optional Redemption. The BOI Bonds are not subject to redemption at the option of the Board, but are subject to mandatory redemption as provided in Section 3.7(b).

(b) Mandatory Redemption. The BOI Bonds are subject to mandatory redemption, as follows: in the event and to the extent (i) the District spends less than 100 percent of the available project proceeds (as defined in the Code) made available to the District from the purchase of the District Bonds with the proceeds of the BOI Bonds by the close of the 3-year period commencing on the date of issuance of the BOI Bonds for one or more qualified purposes (or such later date not after the second anniversary of such 3-year period, but only in the event of an extension negotiated with the Internal Revenue Service), (ii) the school facilities at which the Project will be undertaken by the District fail to constitute a qualified zone academy, (iii) the District fails to have a reasonable expectation to proceed with due diligence to spend at least 100% of the available project proceeds made available to the District from the purchase of the District Bonds with the proceeds of the BOI Bonds for a qualified purpose with respect to a qualified zone academy, or (iv) an event other than those described in clauses (i) through (iii) occurs that would require the District to undertake remedial action entailing redemption under the Code, whichever occurs earliest, then the BOI Bonds are thereupon subject to mandatory redemption from funds used by the District to effect the mandatory redemption of the District Bonds. Upon any partial redemption hereof, the Holder shall surrender the Series BOI Bond to the Registrar at its principal corporate office in Seattle, Washington for payment in exchange for a Series BOI Bond reflecting the adjusted principal amount then outstanding under the Series BOI Bond, and the Registrar shall deliver to the Holder of the Series BOI Bond in exchange for the one surrendered a Series BOI Bond that reflects the principal amount then owing on the cover page of such a Series BOI Bond.

The Executive Director or Deputy Director, following receipt of appropriate instructions from the District and funds from the District or adequate assurance that the District shall fund the redemption price, shall provide or cause to be provided to the Registrar at least 20 days prior to the redemption date a request that the Registrar mail notice of redemption, and the Registrar shall mail or cause to be mailed, by first class mail, at least 10 days prior to the designated redemption date, a notice of redemption to the registered owners of each Series BOI Bond to be redeemed at their addresses as they appear on the Bond Register maintained by the Registrar, but no defect in or failure to give such mailed notice shall affect the validity of proceedings for the redemption of any Series BOI Bond not affected by such defect or failure. The notice of redemption shall specify the redemption date, redemption price, and the numbers and amounts of the BOI Bonds to be redeemed and the place at which the BOI Bonds are to be surrendered for payment. Official notice of redemption having been given as aforesaid, the BOI Bonds or portions thereof so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and as specified in the Fiscal Agency Agreement.

3.8. Form. The BOI Bonds shall be prepared in substantially the form set forth in Exhibit A hereto, and by this reference made a part hereof, with such changes and completions as are approved by the Authorized Officers, which approval shall be evidenced by the execution and delivery of the BOI Bonds.

3.9. Execution and Delivery. The BOI Bonds shall be forthwith prepared for execution under the direction of the Executive Director, and shall be executed on behalf of the Board by the signature of the Chair and attested by the signature of the Executive Director; provided that either or both of such signatures may be printed, engraved or lithographed facsimiles of the originals. The seal of the Board need not be affixed to or imprinted on any BOI Bond. In case any officer whose signature or a facsimile of whose signature shall appear on any BOI Bond shall cease to be such officer before the delivery of such BOI Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no BOI Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless a certificate of authentication on such BOI Bond has been executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different BOI Bonds need not be signed by the same representative. The executed certificate of authentication on each BOI Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the BOI Bonds have been fully executed and authenticated, they shall be delivered by the Registrar to the Purchaser upon payment of the purchase price in accordance with the Purchase Agreement made and executed. The Purchaser shall not be obligated to see to the application of the purchase price.

3.10. Application of Proceeds of BOI Bonds. All of the proceeds of the BOI Bonds shall be applied to the purchase of the District Bonds.

Section 4. Security Provisions.

4.1. Sinking Fund. There is hereby created a debt service fund of the Board designated the "2013 Kalispell Elementary School District Sinking Fund" (the "Sinking Fund"), to be held and administered by the Registrar separate and apart from all other funds of the Board so long as any of the BOI Bonds are outstanding and any principal thereof and interest, if any, thereon, are unpaid. The Sinking Fund shall be used solely to pay the principal of the BOI Bonds and any interest thereon and the fees and expenses of the Registrar, subject to the conditions herein specified. The Board irrevocably appropriates to the Sinking Fund: (a) all payments made by the District on or with respect to the District Bonds, (b) all income derived from the investment of amounts on hand in the Sinking Fund, and (c) such other money, if any, as shall be received and appropriated to the Sinking Fund from time to time.

Money on hand in the Sinking Fund shall be invested pursuant to the Fiscal Agency Agreement under which U.S. Bank National Association, as agent for the Board, shall acquire with moneys of the Board, then available in the Sinking Fund, and as directed by the District, eligible securities of the type identified as Qualified Investments in the Fiscal Agency Agreement (the "Qualified Investments").

Whenever a payment of the District Bonds is credited by the Board to the Sinking Fund, such payment shall be applied as set forth in the Fiscal Agency Agreement. The provision, investment, application, deposit, and disbursement of Qualified Investments and investment earnings thereon and other rights and obligations regarding the Sinking Fund are set forth more particularly in the Fiscal Agency Agreement.

The Board hereby authorizes and directs U.S. Bank National Association to enter into the Fiscal Agency Agreement and perform its obligations thereunder.

4.2. Pledge of District Bonds. The Board hereby irrevocably pledges and assigns to the payment of the BOI Bonds for the benefit of the holders from time to time of the outstanding BOI Bonds all of the right, title and interest of the Board in the District Bonds and all payments made by the District thereunder and any proceeds thereof. The Board hereby acknowledges and agrees that if a default in the payment of the BOI Bonds occurs, the Board will, at the request of all of the holders of the BOI Bonds, transfer to such holders all of its interest in the District Bonds, without warranty or recourse.

4.3. Special, Limited Obligations. Except as provided in Section 4.2, no funds or assets of the Board (including the Municipal Finance Consolidation Act Reserve Fund created in Section 17-5-1630 of the Act) have been or are pledged to the payment of the BOI Bonds.

THE STATE OF MONTANA IS NOT LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BOI BONDS OR FOR THE PERFORMANCE OF ANY OBLIGATION THAT MAY BE UNDERTAKEN BY THE BOARD WITH RESPECT THERETO. THE BOI BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE STATE OF MONTANA AND NEITHER THE FAITH AND CREDIT OR TAXING POWER OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR INTEREST ON THE BOI BONDS. THE BOARD DOES NOT HAVE ANY TAXING POWER.

Section 5. Tax Matters.

5.1. Designation of Bonds as Qualified Zone Academy Bonds. The Board hereby designates the BOI Bonds as “qualified zone academy bonds” under Section 54E of the Code. In reliance on the representations and agreements of the District, including, without limitation, those regarding spend down requirements and compliance with arbitrage requirements of the Code, the Board makes the following representations and agreements to the holders from time to time of the BOI Bonds:

(a) The District is an eligible local education agency as defined in Section 9101 of the federal Elementary and Secondary Education Act of 1965, as amended.

(b) The school facilities in the District at which the Project will be undertaken (collectively, the “Facilities”) constitute or, prior to the issuance of the BOI Bonds will constitute, a qualified zone academy within the meaning of the applicable provisions of the Code. Specifically, the Facilities are public schools and are established by and operated under the supervision of the District to provide education or training below the postsecondary level. Furthermore, the program for students at the Facilities, including the Comprehensive Education Plan, which was adopted by the District pursuant to the District Bond Resolution has been designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates and better prepare students for the rigors of college and the increasingly complex workforce, students in the Facilities will be subject to the same academic standards and assessments as other students educated by the District. The District reasonably expects, as of the date of issuance of the BOI Bonds and for a period of at least one year thereafter, that at least

35% of the students attending each the Facilities will be eligible for free or reduced-cost lunches established under the National School Lunch Act.

(c) The Board has received written assurances that the District will satisfy the requirements of Section 148 of the Code with respect to the proceeds of the District Bonds and the BOI Bonds and the Board authorizes the Authorized Officers (i) to ensure that such proceeds satisfy such requirements by imposing such requirements on the District Bonds or the BOI Bonds and executing and delivering such documents as are necessary or appropriate in connection therewith and (ii) to execute and deliver such certificates as may be appropriate or required under the Code or otherwise in respect of the BOI Bonds.

(d) It is expected 100 percent or more of the available project proceeds to be spent for qualified purposes will be spent by the District within the 3-year period beginning on the date of issuance of the District Bonds (and the BOI Bonds) and a binding commitment to spend at least 10 percent of such available project proceeds will be incurred by the District within the 6-month period beginning on the date of issuance.

(e) The Board has written assurances that the private business contribution requirement of the Code will be met with respect to the Facilities. Specifically, the District has represented that it has received written commitments from Ameresco, Inc., to make a contribution of an investment grade energy audit, which has a present value, as of the date of issuance of the BOI Bonds, of not less than \$61,980, or ten percent of the proceeds of the BOI Bonds (using the Credit Rate, as hereafter defined, for the BOI Bonds, as the discount rate), and which are of a type and quality acceptable to the District. Ameresco, Inc. is not a part of the United States, a state or local government or agency or instrumentality or a related party to any thereof.

(f) The term of the BOI Bonds does not exceed the maximum term permitted by the Secretary of the Treasury under applicable provisions of the Code for qualified zone academy bonds.

(g) The District has received an allocation by the State of Montana Office of Public Instruction of \$619,800 of qualified zone academy bond limitation remaining outstanding and available through calendar year 2013, and such allocation has not expired nor been revoked, rescinded or modified and is in full force and effect, and neither the District nor the Board has designated any bonds or obligations as qualified zone academy bonds from such allocation other than the BOI Bonds.

(h) The District has given its written approval to the issuance of the BOI Bonds by the Board.

(i) The District has agreed to file, or assist the Board in the filing of, reports similar to those required under Section 149(e) of the Code.

5.2. General Covenant. The Board covenants and agrees with the holders from time to time of the BOI Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the BOI Bonds to lose their designation as “qualified zone academy bonds” under the Code and applicable Treasury Regulations (the “Regulations”),

and covenants to take any and all actions within its powers to ensure that the BOI Bonds are “qualified zone academy bonds” for federal income tax purposes under the Code and the Regulations.

5.3. Tax Credits to Purchaser. For so long as the BOI Bonds are qualified zone academy bonds, a taxpayer who holds the BOI Bonds on one or more credit allowance dates as defined in Section 54A(e)(1) of the Code during a taxable year is allowed as a credit against federal income taxes imposed by Subtitle A, Chapter 1 of the Code for the taxable year an amount equal to the sum of the credits for such date or dates, but only to the extent provided in Section 54A(c)(1) of the Code (the “Credit Amount”). The amount of the credit for any such credit allowance date is equal to 25% of the annual credit determined with respect to the BOI Bonds that are held by the taxpayer on such date. The annual credit is equal to the product of the credit rate applicable to the BOI Bonds as set forth in the Purchase Agreement multiplied by the outstanding face amount of the BOI Bonds held by the taxpayer on the credit allowance date (i.e., the sum of the credit amounts available on each credit allowance date during the annual period), provided that in the case of the credit allowance date first occurring after delivery of the BOI Bonds, the amount of the credit for such date is a ratable portion of the credit otherwise determined, based on the portion of the 3-month period concluding on that credit allowance date during which the BOI Bonds are outstanding, and that a similar proration rule shall apply for the 3-month period during which the BOI Bonds are redeemed or mature. The Credit Amount is includable in gross income for federal income tax purposes.

Section 6. Authentication of Transcript. The officers of the Board are hereby authorized and directed to furnish to the Purchaser and to bond counsel certified copies of all proceedings relating to the issuance of the BOI Bonds and such other certificates and affidavits as may be required to show the right, power and authority of the Board to issue the BOI Bonds or as may otherwise be required by bond counsel, and all statements contained in and shown by such instruments, including any heretofore furnished, shall constitute representations of the Board as to the truth of the statements purported to be shown thereby.

Section 7. Defeasance. When all of the BOI Bonds have been discharged as provided in this Section 7, all pledges, covenants and other rights granted by this Resolution to the owners of the BOI Bonds shall cease. The Board may discharge its obligations with respect to any BOI Bonds which are due on any date by irrevocably depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any BOI Bond should not be paid when due, the Board may nevertheless discharge its liability with respect thereto by depositing with the Registrar a sum sufficient for the payment thereof in full with interest, if any, accrued to the date of such deposit. The Board may also discharge its obligations with respect to any BOI Bonds called for redemption on any date when they are subject to redemption according to their terms, by depositing with the Registrar on or before such redemption date a sum sufficient for the payment thereof in full with interest, if any, accrued to such redemption date; provided that notice of the redemption thereof has been duly given or provided for as provided in Section 3.7. The Board may also at any time discharge its obligations with respect to any BOI Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or securities which are general obligations of the United States or securities of United States agencies which are authorized by law to be so deposited, bearing interest payable at such times

and at such rates and maturing on such dates as shall be required, without reinvestment, to pay all principal and interest, if any, to become due on such Bond to their stated maturities or, if notice of redemption as herein required has been irrevocably provided for, to such earlier redemption date; provided, however, that if such deposit is made more than 90 days before the stated maturities or redemption date of the BOI Bonds to be discharged, the Board shall have received a written report of an accountant or investment banking firm verifying that the deposit is sufficient to pay when due all of the principal and interest, if any, on the BOI Bonds to be discharged on and before their maturity date. All amounts to effect any defeasance referred to in this Section shall be paid by the District, including from investment earnings on such amounts.

Section 8. Effective Date. All resolutions and parts of resolutions heretofore adopted by this Board which are in conflict herewith are hereby amended so as to conform with the provisions of this Resolution, and, as so amended, are hereby ratified and confirmed. This Resolution shall be effective upon passage.

PASSED AND APPROVED by the Board of Investments of the State of Montana on this 9th day of October, 2013.

Chair

Attest:

Executive Director

EXHIBIT A

STATE OF MONTANA

**BOARD OF INVESTMENTS
OF THE STATE OF MONTANA**

MUNICIPAL FINANCE CONSOLIDATION ACT BONDS, TAXABLE SERIES 2013
(QUALIFIED ZONE ACADEMY BONDS/TAX CREDIT BONDS – KALISPELL
ELEMENTARY SCHOOL DISTRICT PROJECT)

No. R-1 \$619,800.00

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>
0.00%	June 15, 2028	October 24, 2013

REGISTERED HOLDER: ROCKY MOUNTAIN BANK

PRINCIPAL AMOUNT: SIX HUNDRED NINETEEN THOUSAND EIGHT HUNDRED DOLLARS AND NO/100

FOR VALUE RECEIVED, THE BOARD OF INVESTMENTS OF THE STATE OF MONTANA, a board of the Executive Branch of the Government of the State of Montana (the "Issuer"), hereby promises to pay (but only out of the Sinking Fund as hereinafter described) to the Registered Holder named above, or registered assigns, on the maturity date specified above, subject to mandatory redemption as hereinafter provided, the principal amount specified above, without interest thereon. Principal of this Bond is payable upon presentation and surrender hereof at the office of U.S. Bank National Association, as Bond Registrar, Transfer Agent, Paying Agent, and Fiscal Agent, at its principal corporate office at 1420 5th Avenue in Seattle, Washington 98101, or any successor appointed under the Resolution hereinafter described (the "Registrar"). All such payments shall be made in lawful money of the United States of America which on the date of payment is lawful tender for the payment of public and private debts.

The Bonds are special limited obligations of the Issuer. The Bonds will not be secured by the Municipal Finance Consolidation Act Reserve Fund created in Section 17-5-1630, M.C.A., or by any funds or assets of the Issuer other than its interest in the District Bonds (as hereinafter defined) and the payments to be made by the District (as hereinafter defined) thereunder.

THE STATE OF MONTANA IS NOT LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY OBLIGATION THAT MAY BE UNDERTAKEN BY THE ISSUER WITH RESPECT THERETO. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE STATE OF MONTANA AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF

THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR INTEREST ON THE BONDS. THE ISSUER DOES NOT HAVE ANY TAXING POWER.

This Bond represents all of a series of a duly authorized issue of Bonds of the Issuer designated as Board of Investments of the State of Montana “Municipal Finance Consolidation Act Bonds, Taxable Series 2013 (Qualified Zone Academy Bonds/Tax Credit Bonds – Kalispell Elementary School District Project),” in the aggregate principal amount of \$619,800 (the “Bonds”), issued pursuant to the provisions of Montana Code Annotated, Title 17, Chapter 5, Part 16, as amended (the “Act”), under a resolution adopted by the Issuer on October 9, 2013, authorizing the issuance of the Bonds (the “Resolution”). Terms with initial capital letters but not defined herein shall have the meanings given them in the Resolution. The Bonds are issuable only as fully registered bonds, in denominations of \$5,000 or any integral multiple thereof, except one Bond may be in the principal amount of \$9,800.

The Bonds are being issued to provide funds to the Issuer to permit it to purchase \$619,800 in aggregate principal amount of Limited Tax General Obligation School Building Bonds, Taxable Series 2013 (the “District Bonds”), issued by School District No. 5 (Kalispell), Flathead County, Montana (the “District”). This Bond is prepared and delivered in accordance with the Resolution.

The Bonds and the interest, if any, thereon are payable solely from the right, title and interest of the Board in the District Bonds and all payments made by the District thereunder and any proceeds thereof, including investment income, but not from any other funds or assets of the Board, including the Municipal Finance Consolidation Act Reserve Fund created in Section 17-5-1630 of the Act. By the Resolution, the Issuer has pledged and assigned all of its right, title and interest in the District Bonds and the payments to be made by the District thereunder to the payment of the Bonds, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein. A sinking fund has been established under the Resolution (as defined therein, the “Sinking Fund”). This Bond is payable solely from the Sinking Fund. Reference is hereby made to the Resolution and the Fiscal Agency Agreement, dated as of the date hereof, between the Issuer, the District and the Registrar (copies of which are on file at the office of the Registrar), and all resolutions and agreements, if any, supplemental thereto and to the Act for a description of the rights thereunder of the registered holders of the Bonds, of the nature and extent of the security, the rights, duties and immunities of the Registrar and of the rights and obligations of the Issuer thereunder, to all the provisions of which Resolution, this Bond, and Fiscal Agency Agreement the registered holder of this Bond, by acceptance hereof, assents and agrees.

The Bonds are subject to mandatory redemption, as follows: in the event and to the extent (i) the District spends less than 100 percent of the available project proceeds (as defined in the Code) made available to the District from the purchase of the District Bonds with the proceeds of the Bonds by the close of the 3-year period commencing on the date of issuance of the Bonds for one or more qualified purposes (or such later date not after the second anniversary of such 3-year period, but only in the event of an extension negotiated with the Internal Revenue Service), (ii) the school facilities at which the Project will be undertaken fail to constitute a qualified zone academy, (iii) the District fails to have a reasonable expectation to proceed with due diligence to spend at least 100% of the available project proceeds made available to the District from the

purchase of the District Bonds with the proceeds of the Bonds for a qualified purpose with respect to a qualified zone academy, or (iv) an event other than those described in clauses (i) through (iii) occurs that would require the District to undertake remedial action entailing redemption under the Code, whichever occurs earliest, then the Bonds are thereupon subject to mandatory redemption from funds used by the District to effect the mandatory redemption of the District Bonds. Upon any partial redemption hereof, the registered holder shall surrender this Bond to the Registrar at its principal corporate office in Seattle, Washington for payment in exchange for a Bond reflecting the adjusted principal amount then outstanding under the Bond, and the Registrar shall deliver to the registered holder of this Bond in exchange for the one surrendered a Bond that reflects the principal amount then owing on the cover page of such a Bond.

The Executive Director or Deputy Director, following receipt of appropriate instructions from the District and funds from the District or adequate assurance that the District shall fund the redemption price, shall provide or cause to be provided to the Registrar at least 20 days prior to the redemption date a request that the Registrar mail notice of redemption, and the Registrar shall mail or cause to be mailed, by first class mail, at least 10 days prior to the designated redemption date, a notice of redemption to the registered owners of each Bond to be redeemed at their addresses as they appear on the Bond Register maintained by the Registrar, but no defect in or failure to give such mailed notice shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. The notice of redemption shall specify the redemption date, redemption price, and the numbers and amounts of the Bonds to be redeemed and the place at which the Bonds are to be surrendered for payment. Official notice of redemption having been given as aforesaid, the Bonds or portions thereof so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified.

The Bonds are not subject to redemption at the option of the Issuer, but are subject to mandatory redemption as provided above.

As provided in the Resolution and the Fiscal Agency Agreement and subject to certain limitations set forth therein, this Bond is transferable upon the Bond Register, upon surrender of this Bond for transfer at the operations center of the Registrar, duly endorsed by the registered owner hereof or by the registered owner's attorney duly authorized in writing, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or registered owner's attorney. Bonds in a denomination greater than \$5,000 may also be surrendered in exchange for Bonds of other authorized denominations. Upon any such transfer or exchange, the Issuer will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The Issuer and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment as herein provided and for all other purposes, and neither the Issuer nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that this Bond, together with all other indebtedness of the Issuer, does not exceed any statutory or constitutional limit of indebtedness.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by the manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the BOARD OF INVESTMENTS OF THE STATE OF MONTANA has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Chair and attested by the facsimile signature of its Executive Director.

BOARD OF INVESTMENTS OF THE
STATE OF MONTANA

(Facsimile Signature)
Chair

Attest:

(Facsimile Signature)
Executive Director

Dated: _____

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated by its title and is issued under the provisions of the within-mentioned Resolution.

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By _____
Authorized Representative

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM --	as tenants in common	UTMA.Custodian. (Cust) (Minor)
TEN ENT --	as tenants by the entireties	under Uniform Transfers to Minors Act. (State)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	

Other abbreviations may also be used.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please Print or Typewrite Name and Address of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE:

/ _____ /

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

SIGNATURE GUARANTEE:

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Bond Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

CERTIFICATE AS TO RESOLUTION

I, the undersigned, being the duly qualified and acting Executive Director of the Board of Investments of the State of Montana (the "Board"), hereby certify that the attached resolution is a true copy of Resolution No. 233, entitled: "RESOLUTION RELATING TO UP TO \$1,587,228 MUNICIPAL FINANCE CONSOLIDATION ACT BONDS, TAXABLE SERIES 2013 (QUALIFIED ZONE ACADEMY BONDS/TAX CREDIT BONDS – KALISPELL HIGH SCHOOL DISTRICT PROJECT); AUTHORIZING AND APPROVING THE SALE AND ISSUANCE THEREOF AND PLEDGES AND ASSIGNMENTS OF THE BOARD'S INTEREST IN THE SCHOOL DISTRICT BONDS AND PAYMENTS THEREUNDER, FIXING THE FORM AND DETAILS, PROVIDING FOR THE PAYMENT AND SECURITY AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH" (the "Resolution"), on file in the original records of the Board in my legal custody; that the Resolution was duly adopted by the Board at a meeting on October 9, 2013, and that the meeting was duly held by the Board 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.

WITNESS my hand officially as such recording officer this ____ day of October, 2013.

David Ewer
Executive Director

RESOLUTION NO. 233

RESOLUTION RELATING TO UP TO \$1,587,228 MUNICIPAL FINANCE CONSOLIDATION ACT BONDS, TAXABLE SERIES 2013 (QUALIFIED ZONE ACADEMY BONDS/TAX CREDIT BONDS – KALISPELL HIGH SCHOOL DISTRICT PROJECT); AUTHORIZING AND APPROVING THE SALE AND ISSUANCE THEREOF AND PLEDGES AND ASSIGNMENTS OF THE BOARD'S INTEREST IN THE SCHOOL DISTRICT BONDS AND PAYMENTS THEREUNDER, FIXING THE FORM AND DETAILS, PROVIDING FOR THE PAYMENT AND SECURITY AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH

BE IT RESOLVED by the Board of Investments of the State of Montana (the "Board"), as follows:

Section 1. Recitals, Authorization and Sale.

1.1. Authority. The Board is a board of the Executive Branch of the Government of the State of Montana created pursuant to Montana Code Annotated, Section 2-15-1808, as amended. The Board is authorized under the Municipal Finance Consolidation Act of 1983, Montana Code Annotated, Title 17, Chapter 5, Part 16, as amended (the "Act"), to issue its obligations to provide funds to finance loans to and purchase the bonds and notes of other eligible governmental units, including school districts. Such bonds or notes may be sold at public or private sale, and must be authorized by a resolution of the Board.

1.2. The District; District Bonds and the BOI Bonds. High School District No. 5 (Kalispell), Flathead County, Montana (the "District"), has requested that the Board issue its revenue bonds under the Act in the aggregate principal amount of up to \$1,587,228 (the "BOI Bonds"), and use the proceeds thereof to purchase the District's Limited Tax General Obligation School Building Bonds, Taxable Series 2013, in the aggregate principal amount of up to \$1,587,228 (the "District Bonds"). The proceeds of the District Bonds are to be used by the District for the purpose of paying the costs of various energy conservation measures at Flathead High School (the "Project"), as authorized by Section 20-9-471, M.C.A., as amended. Costs of the Project in excess of the amounts available from the proceeds of the District Bonds will be paid from amounts on hand or available to the District.

The BOI Bonds will not be secured by the Municipal Finance Consolidation Act Reserve Fund created in Section 17-5-1630 of the Act or by any funds or assets of the Board other than its interest in the District Bonds and the payments to be made by the District thereunder.

1.3. Qualified Zone Academy Bonds. The BOI Bonds are intended to be issued as "qualified zone academy bonds" within the meaning of Section 54E of the Internal Revenue Code of 1986, as amended (the "Code"), and the interest thereon will be includable in gross

income for federal income tax purposes. The issuance of the BOI Bonds by the Board will ensure that the District Bonds comply with certain state laws.

1.4. Finding. Giving effect to the issuance of the BOI Bonds, the total outstanding indebtedness of the Board under the Act (exclusive of refunding bonds or indebtedness to purchase registered warrants or tax or revenue anticipation notes of a local government) is currently not greater than \$190,000,000.

1.5. Sale. The sale of the BOI Bonds is being facilitated by D.A. Davidson and Co., in the capacity of placement agent for the District (the "Placement Agent"). The BOI Bonds may be sold at a private sale, as provided by Section 17-5-1606(5)(b) of the Act and Section 17-5-117, M.C.A. The Placement Agent, on behalf of the District, solicited proposals for the purchase of the BOI Bonds. The District, in consultation with the Placement Agent, from proposals from prospective purchasers of the BOI Bonds, selected Rocky Mountain Bank, of Kalispell, Montana (the "Purchaser") as the purchaser that in the determination of the authorized officers of the District in consultation with the Placement Agent provides the most favorable terms of financing to the District. The Purchaser will agree to purchase the BOI Bonds within the limitations described in this Resolution and in the District's bond resolution dated October 8, 2013 (the "District Bond Resolution"), and on the further terms and conditions to be set forth in the agreement between the District, the Board, and the Purchaser, a draft form of which is on file at the offices of the Board of Investments and available to the Board and which will be finalized prior to the issuance of the BOI Bonds (the "Purchase Agreement"). The Purchase Agreement will also evidence the Board's agreement to purchase the District's Bonds. The Chair, Executive Director, Deputy Director, and Vice-Chair of the Board (collectively, the "Authorized Officers"), or any one or more of such officers, are hereby authorized to approve:

(i) the forms and terms of the Purchase Agreement and the Fiscal Agency Agreement (as hereinafter defined);

(ii) the purchase price of the BOI Bonds, provided that the purchase price equals the principal amount of the BOI Bonds;

(iii) the principal amount of the BOI Bonds, provided that such principal amount is not in excess of \$1,587,228;

(iv) the interest rate, if any, on the BOI Bonds;

(v) the maturity schedule of the BOI Bonds, provided that the BOI Bonds mature at any time or times or in such amount or amounts not later than 15 fiscal years after the date of issuance of the BOI Bonds; and

(vi) the terms of redemption of the BOI Bonds, provided that those terms are consistent with Section 3.7.

1.6. Related Documents. The following documents (collectively, the "Operative Documents") relating to the BOI Bonds will be prepared, subject to the approval of the Authorized Officers, who are each authorized to review and approve the same, and which, upon approval, shall be placed on file in the office of the Board:

(a) the Purchase Agreement;

(b) a Fiscal Agency Agreement to be entered into by the Board, the District and U.S. Bank National Association, as registrar, paying agent, filing agent, custodian, and fiscal agent of the BOI Bonds (the "Fiscal Agency Agreement") a draft form of which is on file at the offices of the Board of Investments and available to the Board; and

(c) such other documents as are necessary or appropriate in connection with the issuance of the BOI Bonds.

The staff of the Board has reviewed and is satisfied with the form of resolution adopted by the Board Trustees of the District on September 10, 2013, preliminarily authorizing the issuance of the District Bonds, and the form of resolution adopted by the Board of Trustees of the District on October 8, 2013, authorizing the issuance of the District Bonds.

1.7. Recitals. All acts, conditions and things required by the Constitution and laws of the State of Montana, including the Act, in order to make the BOI Bonds valid and binding special, limited obligations of the Board in accordance with their terms and in accordance with the terms of this Resolution have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required or, by the date of issuance of the BOI Bonds, will have been done, will exist, will happen and will have been performed in regular and due form, time and manner as so required.

Section 2. Approval and Authorizations.

2.1. Subject to Section 2.6 below, to purchase the District Bonds, the Board hereby authorizes the issuance of the BOI Bonds as a series of revenue bonds designated, "Board of Investments of the State of Montana, Municipal Finance Consolidation Act Bonds, Taxable Series 2013 (Qualified Zone Academy Bonds/Tax Credit Bonds – Kalispell High School District Project)," in the aggregate principal amount of up to \$1,587,228.

2.2. The Authorized Officers, or any one or more of such officers, are hereby authorized to negotiate, approve, execute and deliver the Purchase Agreement, subject to the parameters set forth in Section 1.5. The Purchase Agreement shall be dated on or about October 10, 2013. The approval of the Purchase Agreement shall be conclusively presumed by the execution thereof by two or more Authorized Officers.

2.3. The Authorized Officers, or any one or more of such Authorized Officers, are authorized to negotiate, approve, execute, and deliver the Fiscal Agency Agreement. The approval of such agreement shall be conclusively presumed by the execution thereof by two or more Authorized Officers.

2.4. In anticipation of the payments to be made under the District Bonds, the Board shall proceed to issue the BOI Bonds in the form and upon the terms provided by this Resolution. It is acknowledged that not all the terms of the BOI Bonds have been established as of the date of adoption of this Resolution. The Authorized Officers, or any one or more of such officers, are authorized to finalize the form of the BOI Bonds attached hereto as Exhibit A, subject to the limitations in Section 1.5. The Chair and the Executive Director are authorized and directed to

execute the BOI Bonds as prescribed in this Resolution and deliver them to the Registrar (as hereinafter defined), together with a certified copy of this Resolution and the other documents required by the Purchase Agreement and the Fiscal Agency Agreement, and such other documents as are required to be delivered in connection with the BOI Bonds, for authentication of the BOI Bonds by the Registrar and delivery by the Registrar of the BOI Bonds to the Purchaser.

2.5. The Authorized Officers, or any one or more of such officers, are authorized and directed to negotiate, execute, and deliver such documents or agreements that are ancillary to and required or appropriate in connection with the Purchase Agreement, the Fiscal Agency Agreement, or the BOI Bonds, and to prepare and furnish to the Purchaser and bond counsel, when the BOI Bonds are issued, certified copies of all proceedings and records of the Board relating to the BOI Bonds, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of the BOI Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them, or as may be necessary or desirable to accomplish the issuance and sale of the BOI Bonds, and all such certified copies, certificates, affidavits and documents, including any heretofore furnished, shall constitute representations of the Board as to the truth of all statements of fact contained therein.

2.6. Notwithstanding anything to the contrary herein, if the parties to any agreement relating to the BOI Bonds fail to reach agreement on the terms of any agreement or if the Authorized Officers should determine, in their discretion, that the transactions contemplated by the District Bonds or the BOI Bonds are not in the best interests of the Board, the Authorized Officers, acting on behalf of the Board, may elect not to proceed with the transactions contemplated herein.

Section 3. The BOI Bonds.

3.1. Principal Amount, Interest, Maturity, Denominations, Date. For the purpose of purchasing the District Bonds, the Board shall, upon satisfaction of the conditions described herein, forthwith issue and deliver the BOI Bonds. The BOI Bonds shall be denominated "Municipal Finance Consolidation Act Bonds, Taxable Series 2013 (Qualified Zone Academy Bonds/Tax Credit Bonds – Kalispell High School District Project)."

The term of the BOI Bonds shall not exceed 15 fiscal years, and shall be subject to redemption as provided in Section 3.7 below and in the final form of the BOI Bond. The BOI Bonds may or may not bear interest, as determined in the Purchase Agreement.

In the event the date for the payment of principal or interest, if any, is not a Business Day, the Board shall make the payment on the following Business Day with the same effect as if it had been made on the date scheduled for such payment. As used in this Resolution, "Business Day" means any day other than (i) a Saturday or a Sunday, (ii) a day that is a legal holiday in the State of Montana, (iii) a day on which commercial banks in the city or cities in which are located the Principal Office of the Registrar are authorized or required by law or executive order to close, or (iv) a day on which the New York Stock Exchange is closed.

3.2. Dating of BOI Bonds. The BOI Bonds shall be dated, as originally issued, as of the date of their issuance. Upon the original delivery of the BOI Bonds to the Purchaser and upon each subsequent transfer or exchange of a BOI Bond pursuant to Section 3.5, the Registrar shall date each BOI Bond as of the date of its authentication.

3.3. Registration; Method of Payment. The BOI Bonds shall be issued only in fully registered form. The interest, if any, on and the principal of each Bond, shall be payable by check or draft drawn on the Registrar upon surrender of such Bond at the operations center of the Registrar. The Bonds shall be payable in lawful money of the United States of America.

3.4. System of Registration. The Board shall appoint, and shall maintain, a paying agent, bond registrar, and fiscal agent (the "Registrar"). The Board shall establish a system of registration for the BOI Bonds as defined in the Model Public Obligations Registration Act of Montana, Montana Code Annotated, Title 17, Chapter 5, Part 11, as amended, by entering into the "Fiscal Agency Agreement" with the Registrar. The registration, transfer and exchange of the BOI Bonds shall be handled by the Registrar as provided in the Fiscal Agency Agreement.

3.5. Cancellation. All BOI Bonds surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter delivered to the Executive Director of the Board. Payments of principal of and interest, if any, on the BOI Bonds will be made in accordance with the schedule in or attached to the BOI Bonds. Surrender of the BOI Bonds shall not be necessary in connection with scheduled interim principal payments, but the BOI Bonds must be surrendered as a condition to payment of the final principal maturity thereof or payment or redemption of the BOI Bonds.

3.6. Appointment of Registrar. The Board hereby appoints U.S. Bank National Association, of Seattle, Washington, as the initial Registrar. Any one or more Authorized Officers are authorized to execute and deliver, on behalf of the Board, the Fiscal Agency Agreement with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company organized under the laws of the United States or one of the states of the United States and authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The District will pay the reasonable and customary charges of the Registrar for the services performed. The Board reserves the right to remove the Registrar, effective upon not less than thirty days' written notice and upon the appointment and acceptance of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and BOI Bonds in its possession to the successor Registrar and shall deliver the Bond Register to the successor Registrar. On or before each date that interest, if any, or principal is payable on the BOI Bonds, without further order of this Board, the Registrar shall transmit to the Purchaser, from available funds in the Sinking Fund, money sufficient for the payment of all principal and interest then due.

3.7. Redemption.

(a) No Optional Redemption. The BOI Bonds are not subject to redemption at the option of the Board, but are subject to mandatory redemption as provided in Section 3.7(b).

(b) Mandatory Redemption. The BOI Bonds are subject to mandatory redemption, as follows: in the event and to the extent (i) the District spends less than 100 percent of the available project proceeds (as defined in the Code) made available to the District from the purchase of the District Bonds with the proceeds of the BOI Bonds by the close of the 3-year period commencing on the date of issuance of the BOI Bonds for one or more qualified purposes (or such later date not after the second anniversary of such 3-year period, but only in the event of an extension negotiated with the Internal Revenue Service), (ii) the school facilities at which the Project will be undertaken by the District fail to constitute a qualified zone academy, (iii) the District fails to have a reasonable expectation to proceed with due diligence to spend at least 100% of the available project proceeds made available to the District from the purchase of the District Bonds with the proceeds of the BOI Bonds for a qualified purpose with respect to a qualified zone academy, or (iv) an event other than those described in clauses (i) through (iii) occurs that would require the District to undertake remedial action entailing redemption under the Code, whichever occurs earliest, then the BOI Bonds are thereupon subject to mandatory redemption from funds used by the District to effect the mandatory redemption of the District Bonds. Upon any partial redemption hereof, the Holder shall surrender the Series BOI Bond to the Registrar at its principal corporate office in Seattle, Washington for payment in exchange for a Series BOI Bond reflecting the adjusted principal amount then outstanding under the Series BOI Bond, and the Registrar shall deliver to the Holder of the Series BOI Bond in exchange for the one surrendered a Series BOI Bond that reflects the principal amount then owing on the cover page of such a Series BOI Bond.

The Executive Director or Deputy Director, following receipt of appropriate instructions from the District and funds from the District or adequate assurance that the District shall fund the redemption price, shall provide or cause to be provided to the Registrar at least 20 days prior to the redemption date a request that the Registrar mail notice of redemption, and the Registrar shall mail or cause to be mailed, by first class mail, at least 10 days prior to the designated redemption date, a notice of redemption to the registered owners of each Series BOI Bond to be redeemed at their addresses as they appear on the Bond Register maintained by the Registrar, but no defect in or failure to give such mailed notice shall affect the validity of proceedings for the redemption of any Series BOI Bond not affected by such defect or failure. The notice of redemption shall specify the redemption date, redemption price, and the numbers and amounts of the BOI Bonds to be redeemed and the place at which the BOI Bonds are to be surrendered for payment. Official notice of redemption having been given as aforesaid, the BOI Bonds or portions thereof so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and as specified in the Fiscal Agency Agreement.

3.8. Form. The BOI Bonds shall be prepared in substantially the form set forth in Exhibit A hereto, and by this reference made a part hereof, with such changes and completions as are approved by the Authorized Officers, which approval shall be evidenced by the execution and delivery of the BOI Bonds.

3.9. Execution and Delivery. The BOI Bonds shall be forthwith prepared for execution under the direction of the Executive Director, and shall be executed on behalf of the Board by the signature of the Chair and attested by the signature of the Executive Director; provided that either or both of such signatures may be printed, engraved or lithographed facsimiles of the originals. The seal of the Board need not be affixed to or imprinted on any BOI Bond. In case

any officer whose signature or a facsimile of whose signature shall appear on any BOI Bond shall cease to be such officer before the delivery of such BOI Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no BOI Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless a certificate of authentication on such BOI Bond has been executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different BOI Bonds need not be signed by the same representative. The executed certificate of authentication on each BOI Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the BOI Bonds have been fully executed and authenticated, they shall be delivered by the Registrar to the Purchaser upon payment of the purchase price in accordance with the Purchase Agreement made and executed. The Purchaser shall not be obligated to see to the application of the purchase price.

3.10. Application of Proceeds of BOI Bonds. All of the proceeds of the BOI Bonds shall be applied to the purchase of the District Bonds.

Section 4. Security Provisions.

4.1. Sinking Fund. There is hereby created a debt service fund of the Board designated the "2013 Kalispell High School District Sinking Fund" (the "Sinking Fund"), to be held and administered by the Registrar separate and apart from all other funds of the Board so long as any of the BOI Bonds are outstanding and any principal thereof and interest, if any, thereon, are unpaid. The Sinking Fund shall be used solely to pay the principal of the BOI Bonds and any interest thereon and the fees and expenses of the Registrar, subject to the conditions herein specified. The Board irrevocably appropriates to the Sinking Fund: (a) all payments made by the District on or with respect to the District Bonds, (b) all income derived from the investment of amounts on hand in the Sinking Fund, and (c) such other money, if any, as shall be received and appropriated to the Sinking Fund from time to time.

Money on hand in the Sinking Fund shall be invested pursuant to the Fiscal Agency Agreement under which U.S. Bank National Association, as agent for the Board, shall acquire with moneys of the Board, then available in the Sinking Fund, and as directed by the District, eligible securities of the type identified as Qualified Investments in the Fiscal Agency Agreement (the "Qualified Investments").

Whenever a payment of the District Bonds is credited by the Board to the Sinking Fund, such payment shall be applied as set forth in the Fiscal Agency Agreement. The provision, investment, application, deposit, and disbursement of Qualified Investments and investment earnings thereon and other rights and obligations regarding the Sinking Fund are set forth more particularly in the Fiscal Agency Agreement.

The Board hereby authorizes and directs U.S. Bank National Association to enter into the Fiscal Agency Agreement and perform its obligations thereunder.

4.2. Pledge of District Bonds. The Board hereby irrevocably pledges and assigns to the payment of the BOI Bonds for the benefit of the holders from time to time of the outstanding

BOI Bonds all of the right, title and interest of the Board in the District Bonds and all payments made by the District thereunder and any proceeds thereof. The Board hereby acknowledges and agrees that if a default in the payment of the BOI Bonds occurs, the Board will, at the request of all of the holders of the BOI Bonds, transfer to such holders all of its interest in the District Bonds, without warranty or recourse.

4.3. Special, Limited Obligations. Except as provided in Section 4.2, no funds or assets of the Board (including the Municipal Finance Consolidation Act Reserve Fund created in Section 17-5-1630 of the Act) have been or are pledged to the payment of the BOI Bonds.

THE STATE OF MONTANA IS NOT LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BOI BONDS OR FOR THE PERFORMANCE OF ANY OBLIGATION THAT MAY BE UNDERTAKEN BY THE BOARD WITH RESPECT THERETO. THE BOI BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE STATE OF MONTANA AND NEITHER THE FAITH AND CREDIT OR TAXING POWER OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR INTEREST ON THE BOI BONDS. THE BOARD DOES NOT HAVE ANY TAXING POWER.

Section 5. Tax Matters.

5.1. Designation of Bonds as Qualified Zone Academy Bonds. The Board hereby designates the BOI Bonds as “qualified zone academy bonds” under Section 54E of the Code. In reliance on the representations and agreements of the District, including, without limitation, those regarding spend down requirements and compliance with arbitrage requirements of the Code, the Board makes the following representations and agreements to the holders from time to time of the BOI Bonds:

(a) The District is an eligible local education agency as defined in Section 9101 of the federal Elementary and Secondary Education Act of 1965, as amended.

(b) The school facilities in the District at which the Project will be undertaken (collectively, the “Facilities”) constitute or, prior to the issuance of the BOI Bonds will constitute, a qualified zone academy within the meaning of the applicable provisions of the Code. Specifically, the Facilities are public schools and are established by and operated under the supervision of the District to provide education or training below the postsecondary level. Furthermore, the program for students at the Facilities, including the Comprehensive Education Plan, which was adopted by the District pursuant to the District Bond Resolution has been designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates and better prepare students for the rigors of college and the increasingly complex workforce, students in the Facilities will be subject to the same academic standards and assessments as other students educated by the District. The District reasonably expects, as of the date of issuance of the BOI Bonds and for a period of at least one year thereafter, that at least 35% of the students attending each the Facilities will be eligible for free or reduced-cost lunches established under the National School Lunch Act.

(c) The Board has received written assurances that the District will satisfy the requirements of Section 148 of the Code with respect to the proceeds of the District Bonds and

the BOI Bonds and the Board authorizes the Authorized Officers (i) to ensure that such proceeds satisfy such requirements by imposing such requirements on the District Bonds or the BOI Bonds and executing and delivering such documents as are necessary or appropriate in connection therewith and (ii) to execute and deliver such certificates as may be appropriate or required under the Code or otherwise in respect of the BOI Bonds.

(d) It is expected 100 percent or more of the available project proceeds to be spent for qualified purposes will be spent by the District within the 3-year period beginning on the date of issuance of the District Bonds (and the BOI Bonds) and a binding commitment to spend at least 10 percent of such available project proceeds will be incurred by the District within the 6-month period beginning on the date of issuance.

(e) The Board has written assurances that the private business contribution requirement of the Code will be met with respect to the Facilities. Specifically, the District has represented that it has received written commitments from Ameresco, Inc., to make a contribution of an investment grade energy audit, which has a present value, as of the date of issuance of the BOI Bonds, of not less than \$158,723, or ten percent of the proceeds of the BOI Bonds (using the Credit Rate, as hereafter defined, for the BOI Bonds, as the discount rate), and which are of a type and quality acceptable to the District. Ameresco, Inc. is not a part of the United States, a state or local government or agency or instrumentality or a related party to any thereof.

(f) The term of the BOI Bonds does not exceed the maximum term permitted by the Secretary of the Treasury under applicable provisions of the Code for qualified zone academy bonds.

(g) The District has received an allocation by the State of Montana Office of Public Instruction of \$1,587,228 of qualified zone academy bond limitation remaining outstanding and available through calendar year 2013, and such allocation has not expired nor been revoked, rescinded or modified and is in full force and effect, and neither the District nor the Board has designated any bonds or obligations as qualified zone academy bonds from such allocation other than the BOI Bonds.

(h) The District has given its written approval to the issuance of the BOI Bonds by the Board.

(i) The District has agreed to file, or assist the Board in the filing of, reports similar to those required under Section 149(e) of the Code.

5.2. General Covenant. The Board covenants and agrees with the holders from time to time of the BOI Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the BOI Bonds to lose their designation as “qualified zone academy bonds” under the Code and applicable Treasury Regulations (the “Regulations”), and covenants to take any and all actions within its powers to ensure that the BOI Bonds are “qualified zone academy bonds” for federal income tax purposes under the Code and the Regulations.

5.3. Tax Credits to Purchaser. For so long as the BOI Bonds are qualified zone academy bonds, a taxpayer who holds the BOI Bonds on one or more credit allowance dates as defined in Section 54A(e)(1) of the Code during a taxable year is allowed as a credit against federal income taxes imposed by Subtitle A, Chapter 1 of the Code for the taxable year an amount equal to the sum of the credits for such date or dates, but only to the extent provided in Section 54A(c)(1) of the Code (the "Credit Amount"). The amount of the credit for any such credit allowance date is equal to 25% of the annual credit determined with respect to the BOI Bonds that are held by the taxpayer on such date. The annual credit is equal to the product of the credit rate applicable to the BOI Bonds as set forth in the Purchase Agreement multiplied by the outstanding face amount of the BOI Bonds held by the taxpayer on the credit allowance date (i.e., the sum of the credit amounts available on each credit allowance date during the annual period), provided that in the case of the credit allowance date first occurring after delivery of the BOI Bonds, the amount of the credit for such date is a ratable portion of the credit otherwise determined, based on the portion of the 3-month period concluding on that credit allowance date during which the BOI Bonds are outstanding, and that a similar proration rule shall apply for the 3-month period during which the BOI Bonds are redeemed or mature. The Credit Amount is includable in gross income for federal income tax purposes.

Section 6. Authentication of Transcript. The officers of the Board are hereby authorized and directed to furnish to the Purchaser and to bond counsel certified copies of all proceedings relating to the issuance of the BOI Bonds and such other certificates and affidavits as may be required to show the right, power and authority of the Board to issue the BOI Bonds or as may otherwise be required by bond counsel, and all statements contained in and shown by such instruments, including any heretofore furnished, shall constitute representations of the Board as to the truth of the statements purported to be shown thereby.

Section 7. Defeasance. When all of the BOI Bonds have been discharged as provided in this Section 7, all pledges, covenants and other rights granted by this Resolution to the owners of the BOI Bonds shall cease. The Board may discharge its obligations with respect to any BOI Bonds which are due on any date by irrevocably depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any BOI Bond should not be paid when due, the Board may nevertheless discharge its liability with respect thereto by depositing with the Registrar a sum sufficient for the payment thereof in full with interest, if any, accrued to the date of such deposit. The Board may also discharge its obligations with respect to any BOI Bonds called for redemption on any date when they are subject to redemption according to their terms, by depositing with the Registrar on or before such redemption date a sum sufficient for the payment thereof in full with interest, if any, accrued to such redemption date; provided that notice of the redemption thereof has been duly given or provided for as provided in Section 3.7. The Board may also at any time discharge its obligations with respect to any BOI Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or securities which are general obligations of the United States or securities of United States agencies which are authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without reinvestment, to pay all principal and interest, if any, to become due on such Bond to their stated maturities or, if notice of redemption as herein required has been irrevocably provided for, to such earlier redemption date; provided, however, that if such deposit is made more than 90 days before the

stated maturities or redemption date of the BOI Bonds to be discharged, the Board shall have received a written report of an accountant or investment banking firm verifying that the deposit is sufficient to pay when due all of the principal and interest, if any, on the BOI Bonds to be discharged on and before their maturity date. All amounts to effect any defeasance referred to in this Section shall be paid by the District, including from investment earnings on such amounts.

Section 8. Effective Date. All resolutions and parts of resolutions heretofore adopted by this Board which are in conflict herewith are hereby amended so as to conform with the provisions of this Resolution, and, as so amended, are hereby ratified and confirmed. This Resolution shall be effective upon passage.

PASSED AND APPROVED by the Board of Investments of the State of Montana on this 9th day of October, 2013.

Chair

Attest:

Executive Director

EXHIBIT A

STATE OF MONTANA

**BOARD OF INVESTMENTS
OF THE STATE OF MONTANA**

MUNICIPAL FINANCE CONSOLIDATION ACT BONDS, TAXABLE SERIES 2013
(QUALIFIED ZONE ACADEMY BONDS/TAX CREDIT BONDS – KALISPELL HIGH
SCHOOL DISTRICT PROJECT)

No. R-1 \$1,587,228.00

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>
0.00%	June 15, 2028	October 24, 2013

REGISTERED HOLDER: ROCKY MOUNTAIN BANK

PRINCIPAL AMOUNT: ONE MILLION FIVE HUNDRED EIGHTY-SEVEN
THOUSAND TWO HUNDRED TWENTY-EIGHT DOLLARS
AND NO/100

FOR VALUE RECEIVED, THE BOARD OF INVESTMENTS OF THE STATE OF MONTANA, a board of the Executive Branch of the Government of the State of Montana (the "Issuer"), hereby promises to pay (but only out of the Sinking Fund as hereinafter described) to the Registered Holder named above, or registered assigns, on the maturity date specified above, subject to mandatory redemption as hereinafter provided, the principal amount specified above, without interest thereon. Principal of this Bond is payable upon presentation and surrender hereof at the office of U.S. Bank National Association, as Bond Registrar, Transfer Agent, Paying Agent, and Fiscal Agent, at its principal corporate office at 1420 5th Avenue in Seattle, Washington 98101, or any successor appointed under the Resolution hereinafter described (the "Registrar"). All such payments shall be made in lawful money of the United States of America which on the date of payment is lawful tender for the payment of public and private debts.

The Bonds are special limited obligations of the Issuer. The Bonds will not be secured by the Municipal Finance Consolidation Act Reserve Fund created in Section 17-5-1630, M.C.A., or by any funds or assets of the Issuer other than its interest in the District Bonds (as hereinafter defined) and the payments to be made by the District (as hereinafter defined) thereunder.

THE STATE OF MONTANA IS NOT LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY OBLIGATION THAT MAY BE UNDERTAKEN BY THE ISSUER WITH RESPECT THERETO. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE STATE OF MONTANA AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF

THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR INTEREST ON THE BONDS. THE ISSUER DOES NOT HAVE ANY TAXING POWER.

This Bond represents all of a series of a duly authorized issue of Bonds of the Issuer designated as Board of Investments of the State of Montana "Municipal Finance Consolidation Act Bonds, Taxable Series 2013 (Qualified Zone Academy Bonds/Tax Credit Bonds – Kalispell High School District Project)," in the aggregate principal amount of \$1,587,228 (the "Bonds"), issued pursuant to the provisions of Montana Code Annotated, Title 17, Chapter 5, Part 16, as amended (the "Act"), under a resolution adopted by the Issuer on October 9, 2013, authorizing the issuance of the Bonds (the "Resolution"). Terms with initial capital letters but not defined herein shall have the meanings given them in the Resolution. The Bonds are issuable only as fully registered bonds, in denominations of \$5,000 or any integral multiple thereof, except one Bond may be in the principal amount of \$7,228.

The Bonds are being issued to provide funds to the Issuer to permit it to purchase \$1,587,228 in aggregate principal amount of Limited Tax General Obligation School Building Bonds, Taxable Series 2013 (the "District Bonds"), issued by High School District No. 5 (Kalispell), Flathead County, Montana (the "District"). This Bond is prepared and delivered in accordance with the Resolution.

The Bonds and the interest, if any, thereon are payable solely from the right, title and interest of the Board in the District Bonds and all payments made by the District thereunder and any proceeds thereof, including investment income, but not from any other funds or assets of the Board, including the Municipal Finance Consolidation Act Reserve Fund created in Section 17-5-1630 of the Act. By the Resolution, the Issuer has pledged and assigned all of its right, title and interest in the District Bonds and the payments to be made by the District thereunder to the payment of the Bonds, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein. A sinking fund has been established under the Resolution (as defined therein, the "Sinking Fund"). This Bond is payable solely from the Sinking Fund. Reference is hereby made to the Resolution and the Fiscal Agency Agreement, dated as of the date hereof, between the Issuer, the District and the Registrar (copies of which are on file at the office of the Registrar), and all resolutions and agreements, if any, supplemental thereto and to the Act for a description of the rights thereunder of the registered holders of the Bonds, of the nature and extent of the security, the rights, duties and immunities of the Registrar and of the rights and obligations of the Issuer thereunder, to all the provisions of which Resolution, this Bond, and Fiscal Agency Agreement the registered holder of this Bond, by acceptance hereof, assents and agrees.

The Bonds are subject to mandatory redemption, as follows: in the event and to the extent (i) the District spends less than 100 percent of the available project proceeds (as defined in the Code) made available to the District from the purchase of the District Bonds with the proceeds of the Bonds by the close of the 3-year period commencing on the date of issuance of the Bonds for one or more qualified purposes (or such later date not after the second anniversary of such 3-year period, but only in the event of an extension negotiated with the Internal Revenue Service), (ii) the school facilities at which the Project will be undertaken fail to constitute a qualified zone academy, (iii) the District fails to have a reasonable expectation to proceed with due diligence to spend at least 100% of the available project proceeds made available to the District from the

purchase of the District Bonds with the proceeds of the Bonds for a qualified purpose with respect to a qualified zone academy, or (iv) an event other than those described in clauses (i) through (iii) occurs that would require the District to undertake remedial action entailing redemption under the Code, whichever occurs earliest, then the Bonds are thereupon subject to mandatory redemption from funds used by the District to effect the mandatory redemption of the District Bonds. Upon any partial redemption hereof, the registered holder shall surrender this Bond to the Registrar at its principal corporate office in Seattle, Washington for payment in exchange for a Bond reflecting the adjusted principal amount then outstanding under the Bond, and the Registrar shall deliver to the registered holder of this Bond in exchange for the one surrendered a Bond that reflects the principal amount then owing on the cover page of such a Bond.

The Executive Director or Deputy Director, following receipt of appropriate instructions from the District and funds from the District or adequate assurance that the District shall fund the redemption price, shall provide or cause to be provided to the Registrar at least 20 days prior to the redemption date a request that the Registrar mail notice of redemption, and the Registrar shall mail or cause to be mailed, by first class mail, at least 10 days prior to the designated redemption date, a notice of redemption to the registered owners of each Bond to be redeemed at their addresses as they appear on the Bond Register maintained by the Registrar, but no defect in or failure to give such mailed notice shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. The notice of redemption shall specify the redemption date, redemption price, and the numbers and amounts of the Bonds to be redeemed and the place at which the Bonds are to be surrendered for payment. Official notice of redemption having been given as aforesaid, the Bonds or portions thereof so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified.

The Bonds are not subject to redemption at the option of the Issuer, but are subject to mandatory redemption as provided above.

As provided in the Resolution and the Fiscal Agency Agreement and subject to certain limitations set forth therein, this Bond is transferable upon the Bond Register, upon surrender of this Bond for transfer at the operations center of the Registrar, duly endorsed by the registered owner hereof or by the registered owner's attorney duly authorized in writing, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or registered owner's attorney. Bonds in a denomination greater than \$5,000 may also be surrendered in exchange for Bonds of other authorized denominations. Upon any such transfer or exchange, the Issuer will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The Issuer and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment as herein provided and for all other purposes, and neither the Issuer nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that this Bond, together with all other indebtedness of the Issuer, does not exceed any statutory or constitutional limit of indebtedness.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by the manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the BOARD OF INVESTMENTS OF THE STATE OF MONTANA has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Chair and attested by the facsimile signature of its Executive Director.

BOARD OF INVESTMENTS OF THE
STATE OF MONTANA

(Facsimile Signature)
Chair

Attest:

(Facsimile Signature)
Executive Director

Dated: _____

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated by its title and is issued under the provisions of the within-mentioned Resolution.

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By _____
Authorized Representative

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM --	as tenants in common	UTMA.Custodian. (Cust) (Minor)
TEN ENT --	as tenants by the entireties	under Uniform Transfers to Minors Act. (State)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	

Other abbreviations may also be used.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

 (Please Print or Typewrite Name and Address of Transferee)
 the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE:

/ _____ /

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

SIGNATURE GUARANTEE:

 Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Bond Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.