

MONTANA
BOARD OF INVESTMENTS
I N T E R C A P

July 6, 2023

John Ostlund, Chairman, Board of County Commissioners
Yellowstone County
P.O. Box 35003
Billings, MT 59107

Re: INTERCAP Program

Dear Chairman Ostlund:

Attached please find a Term Sheet whereby the Board is willing to make a \$466,059.00 loan to Yellowstone County to finance costs associated with Old Hardin Road Sidewalk Phase II.

When a borrower requests the funds, it usually takes about three weeks to prepare the final loan closing documents, have them executed, and disburse money; **therefore please notify us approximately four weeks prior to needing funds.**

As part of the closing process, the Board will prepare a template opinion for your governing body's general counsel to use. The template opinion calls for several representations and that the Borrower has perfected a security interest for the benefit of the Board for equipment and vehicles, if applicable. **To avoid delays at loan closing, please include your attorney at the beginning of the process so that he/she can provide a well informed opinion.**

We look forward to working with you to finance your project and appreciate your interest in the INTERCAP program. Please do not hesitate to call if you have any questions.

Sincerely,



Peggy Saarela
Credit Analyst

Enclosure

INTERCAP PROGRAM

(An annual adjusting interest rate program for
Montana Local Governments)

TERM SHEET

of

BOARD OF INVESTMENTS OF THE STATE OF MONTANA
(herein referred to as the Board)

to

YELLOWSTONE COUNTY
(hereinafter referred to as the Borrower)

BORROWER'S ADDRESS:

P.O. Box 35003
Billings, MT 59107

PRINCIPAL CONTACT PERSON:

John Ostlund, Chairman, Board of County Commissioners

PHONE NUMBER:

(406) 256-2816

E-MAIL:

jjones@yellowstonecountymt.gov

LOAN AMOUNT:

FOUR HUNDRED SIXTY-SIX THOUSAND FIFTY-NINE DOLLARS AND
NO/100 (\$466,059.00)

TERM OF LOAN:

10 years

TERM SHEET ISSUANCE DATE:

July 3, 2023

TERM SHEET VALID THROUGH:

July 3, 2024

BORROWER ACT:

§§ 7-7-2101, and 7-7-2402 M.C.A.

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INTERCAP LOAN PROGRAM

Term Sheet

Section 1. Definitions.

Capitalized terms herein shall have the respective meanings assigned them in this Section 1, unless the context clearly otherwise requires:

"Act" shall mean Title 17, Chapter 5, Part 16, M.C.A., as amended.

"Adjusted interest rate" shall mean the interest rate on the Loan determined and established pursuant to the Loan Agreement or Bond Resolution.

"Application" shall mean the completed application form executed by the Borrower and submitted to the Board.

"Board" shall mean the State of Montana Board of Investments, a public body corporate organized and existing under the laws of the state of Montana and any successor of its functions hereunder.

"Bond" shall mean the bond or Note issued by the Borrower evidencing a Loan from the Board.

"Borrower" shall mean the Eligible Government Unit set forth on the cover hereof.

"Borrower Act" shall mean Section 7-7-2101, and 7-7-4202, Montana Code Annotated.

"Borrower Resolution" shall mean the resolution, in form and substance satisfactory to the Board, duly enacted by the Governing Body of the Borrower, authorizing the Loan and prescribing the terms thereof and establishing the security thereof, and authorizing the execution and delivery of the Loan Agreement and the Note.

"Eligible Government Unit" shall mean a city, town, school district, county or consolidated city-county, county water and sewer district, a rural fire district, a hospital district, a state agency, organized and existing under the laws of the state or any other governmental entity authorized by the issuer to participate in the INTERCAP Program.

"Governing Body" shall mean (i) with respect to a county, the Board of County Commissioners, (ii) with respect to a city, the City Council or Commission, (iii) with respect to a school district, county water or sewer district, hospital district, or rural fire district, the Board of Trustees, and iv) with respect to any other Eligible Government Unit, such official body having the authority to enter into contracts and to make binding decisions on behalf of such unit.

"Initial Interest Rate" shall mean the rate on the Loan from the date of the Loan to the first Interest Adjustment Date. The current loan rate through February 15, 2024, is 5.75 percent.

"INTERCAP Program or INTERCAP" shall mean the INTERCAP Program of the Board pursuant to which the Board will issue and sell INTERCAP Bonds and use the proceeds thereof to make loans to Eligible Government Units pursuant to the Borrower Act.

"INTERCAP Bonds" shall mean the State of Montana Board of Investments Annual Adjustable Rate Tender Option Municipal Finance Consolidation Act Bonds (INTERCAP Program).

"Interest Adjustment Date" shall mean February 16.

"Loan" shall mean the INTERCAP loan by the Board to the Borrower under the terms of the Loan Agreement or Bond Resolution.

"Loan Agreement" shall mean the agreement entered into between the Board and the Borrower; this agreement may also be a bond resolution or a supplemental bond resolution for the purpose of issuing bonds or additional parity bonds with respect to the Borrower's original revenue bond issue.

"Loan Date" shall mean the anticipated date of closing the Loan.

"Maximum Interest Rate" means the maximum rate of interest on the Bond which shall not exceed seven and sixty-five hundredths percent (7.65%) per annum.

"Note" shall mean the promissory note or Bond issued by the Borrower evidencing a Loan from the Board.

"Pledged Revenues" shall mean the taxes, fees, revenues, assessments or other funds of the Borrower identified as to the source for the repayment of the Loan.

"Project" shall mean the portion of the Total Project to be financed by the INTERCAP Loan.

"Project Costs" shall mean the portion of the costs of the Total Project to be financed by the INTERCAP Loan.

"Total Project" shall mean the project as described in Section 14 of which some or all is to be financed by the INTERCAP Loan.

"Total Project Costs" shall mean the entire cost of acquiring, completing or constructing the project as further described in Section 14.

"System" shall mean, if applicable, the utility operated by the Borrower and from which the revenues pledged to the repayment of the Loan are pledged.

Section 2. Variable Rate Program.

The INTERCAP Program is a variable rate program with the interest rate adjusting each February 16.

Section 3. Authorization to Borrow.

The Borrower is a duly organized and existing Eligible Government Unit in the state of Montana and has the power under the Borrower Act to enter into a Loan.

Section 4. Authorization to Undertake Project.

The Governing Body will or has duly authorized the undertaking of the Project. Prior to the actual closing of the loan, the Borrower will have obtained or will have made all permits, findings and approvals required to the date hereof by any governmental agency or authority, including, but not limited to the Department of Environmental Quality (DEQ), the Environmental Protection Agency (EPA), and the Montana Environmental Protection Agency (MEPA) for the Project. With respect to the Project, the Borrower will comply with all federal and state regulations.

Section 5. Legal Debt Limits.

The issuance of the Bond or Note in a principal amount equal to the Loan Amount will not (i) cause the indebtedness of the Borrower to exceed any constitutional or statutory limitation or (ii) violate any term, condition or provision of or constitute a default under any resolution, contract or agreement to which the Borrower is a party or by which the Borrower is bound.

Section 6. Bidding Requirements and Prevailing Wage.

The Governing Body will follow where required by law the bidding statutes concerning public contracts including Section 18-2-403 M.C.A., preference for Montana labor and prevailing wage.

Section 7. Accuracy and Timeliness of Information on Application.

The information contained in the Application is true, accurate, complete, and not misleading on the date of its original delivery to the Board and as of the date hereof. Any financial information furnished as part of the Application is true and complete as of the dates and for the periods indicated, and there has been no material adverse change in the financial condition of the Borrower. The Borrower covenants that it will notify the Board of any material adverse change in the financial condition or the Borrower's ability to repay the Loan that may occur between the date hereof and the Loan Date.

Section 8. Borrower Action Before Loan Closing.

The Borrower recognizes that the closing of the Loan is dependent upon the Borrower's satisfaction of the terms and conditions and that any action taken by the Borrower with respect to entering into a contract for the acquisition or construction of the Project prior to the closing of the Loan is at its own risk and agrees to hold the Board harmless from any loss, damage or claim arising as a result from doing so.

Section 9. Project Conformance and Cost.

The Borrower acknowledges and agrees that the Project financed with INTERCAP money conforms with the Total Project description as presented in Section 14 and that all money necessary to pay for Total Project Costs will or has been procured prior to the disbursement of INTERCAP funds.

Section 10. Modification of Term Sheet.

The Borrower may request that the Project to be financed with the INTERCAP Loan be modified by either increasing or decreasing the loan amount requested. The Board will have the sole discretion whether or not to consent to an increase in the Loan Amount and such consent shall be in writing. The modification may not substantially change the scope of the Total Project without the Board's approval.

Section 11. Loan Closing Submission.

After all the Terms and Conditions have been met and the Borrower is ready to receive financing, the Borrower shall submit to the Board the following loan closing documents (**Board prepares items 1-3 loan documents**):

1. The Borrower Resolution and Loan Agreement;
2. The Note or Bond duly and validly authorized, issued, and executed by the Borrower;
3. An Opinion of Borrower's Counsel in a form acceptable to the Board; and

4. Such other certificates, documents, opinions and information as are required under the Loan Agreement to be delivered to the Board as of the date of issuance of the Note and such other opinions and certificates as the Board may reasonably request to demonstrate compliance with its representations, covenants and agreements contained in the Loan Agreement.

Section 12. The Loan Agreement.

The covenants and collateral, if any, securing the Loan shall be contained in the Loan Agreement and such other security instruments, if any, as the Board shall require. Forms of all INTERCAP Program documents required to be delivered by the Borrower to the Board will be provided by the Board.

Section 13. Project/Project Costs.

Old Hardin Road Sidewalk Phase II	\$466,059.00
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Section 14. Total Project/Total Project Costs.

See section 13.