

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Billings, Montana (the "City"), hereby certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION RELATING TO \$4,100,000 REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2013; AUTHORIZING THE EXECUTION AND DELIVERY OF A GROUND LEASE, LEASE PURCHASE AGREEMENT, DECLARATION OF TRUST AND RELATED DOCUMENTS" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City at a meeting on February 25, 2013, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Council Members voted in favor thereof: Cromley, Ronquillo, Pitman, Cimmino, McFadden, Bird, McCall, Ulledalen, Astle, Crouch ; voted against the same: none ; abstained from voting thereon: none ; or were absent: none .

WITNESS my hand officially this 25th day of February, 2013.

(SEAL)



Cari Martin
Cari Martin, City Clerk

RESOLUTION NO. 13-19244

RESOLUTION RELATING TO \$4,100,000 REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2013; AUTHORIZING THE EXECUTION AND DELIVERY OF A GROUND LEASE, LEASE PURCHASE AGREEMENT, DECLARATION OF TRUST AND RELATED DOCUMENTS

BE IT RESOLVED by the City Council (the "Council") of City of Billings, Montana (the "City"), as follows:

Section 1. Authorization and Recitals.

1.01. Pursuant to Resolution No. 03-179960 adopted on February 27, 2003, the City entered into a Lease Purchase Agreement with Koch Financial Corporation (the "Refunded Lease") in order to finance construction of the City's Public Services Facilities (the "Improvements") in the amount of \$6,600,000. Amounts owing under the Refunded Lease are payable over a 20-year term, with interest at a rate of 5.14% per annum. In May 2010, Koch Financial Corporation transferred its interest in the Refunded Lease to Banc of America Public Capital Corp.

1.02. For the purposes of reducing the interest cost under the Refunded Lease, this Council has determined to prepay the Refunded Lease with proceeds from the issuance of Certificates of Participation, Series 2013 (the "Certificates of Participation"), to Piper Jaffray & Co., of Denver Colorado (the "Original Purchaser"), in a private negotiated sale. The Certificates of Participation are issued pursuant to Montana Code Annotated, Sections 7-1-4124 and 7-8-4101.

Section 2. Purchase and Sale.

2.01. The Original Purchaser and the City have entered into a Certificate Purchase Agreement, dated as of January 29, 2013, regarding the purchase and sale of the Certificates of Participation in the aggregate principal amount of \$4,100,000 at a purchase price of \$4,312,480.05 (reflecting underwriter's discount of \$36,900.00 and a reoffering premium of \$249,380.05). The Certificates of Participation bear interest at the rates and mature on the dates and in the amounts and contain the further terms and conditions set forth in the Lease and the Trust Agreement (each as defined herein). The sale of the Certificates of Participation to the Original Purchaser is hereby ratified and confirmed.

The interest rates to be borne by the Certificates of Participation result in a total dollar interest cost of \$694,544.44 and an average annual interest rate of 2.972655% per annum, and a net present value savings of \$493,582.99, using a discount rate of 1.827897% per annum (the approximate yield of the Certificates of Participation) over the remaining term of the Refunded Lease.

Section 3. Documents.

3.01. Ground Lease and Lease. The City has agreed with U.S. Bank National Association in Seattle, Washington (the "Trustee") that the Trustee will, pursuant to a Ground

Lease between the City and the Trustee (the "Ground Lease"), lease from the City the real property whereon the Improvements are located (the "Land"), and the Trustee will sublease the Land and lease and agree to sell the Improvements acquired, renovated, constructed and equipped thereon to the City pursuant to a Lease Purchase Agreement between the Trustee and the City (the "Lease").

3.02. Trust Agreement and Escrow Agreement. The Trustee will execute and deliver a Declaration of Trust (the "Trust Agreement"), joined in by the City, pursuant to which the Trustee will (i) issue the Certificates of Participation representing interests in the Rental Payments (as defined in the Lease) to be made by the City under the Lease and (ii) receive the proceeds of the sale of the Certificates of Participation, together with funds from the City's debt service account for the Refunded Lease, and deposit such proceeds in the Escrow Account created by the Escrow Agreement to prepay the Refunded Lease, all as set forth in the Trust Agreement and Escrow Agreement.

3.03. Approval of Documents. In connection with the issuance of the Certificates of Participation, forms of the Lease, the Ground Lease, the Trust Agreement and the Escrow Agreement have been presented to this Council and are hereby approved substantially in the forms presented. Each of the Mayor, the City Finance Director and City Clerk is hereby authorized and directed to approve, execute and deliver the such documents to the Trustee, together with such modifications thereto as may be approved by the officer or officers executing the same, which approval shall be conclusively evidenced by the execution thereof. Each of the Mayor, the City Finance Director and the City Clerk is also authorized to enter into and deliver such other documents and certificates as may be necessary or desirable in connection therewith, in the opinion of Dorsey & Whitney LLP, as special counsel to the City, or as may be reasonably required by the Trustee or the Original Purchaser.

Section 4. Issuance of Certificates. All acts, conditions and things which are required by the Constitution and laws of the State of Montana to be done, to exist, to happen and to be performed precedent to and in the valid issuance of the Lease and Certificates of Participation having been done, now existing, having happened and having been performed, the City shall cause the Trustee to issue the Certificates of Participation in the form and upon the terms set forth in the Trust Agreement. The Mayor, the City Finance Director and City Clerk are authorized to approve the final terms of the Certificates of Participation, which approval shall be conclusively evidenced by the execution of the Trust Agreement by said officers. The Mayor, the City Finance Director and City Clerk are authorized and directed to prepare the Certificates of Participation as prescribed in the Trust Agreement and to deliver them to the Trustee, together with a certified copy of this Resolution and other documents required by the Trust Agreement, for authentication and delivery to the Original Purchaser. The Trustee is hereby appointed authenticating agent with respect to the Certificates of Participation, and as paying agent for the Certificates of Participation pursuant to the Trust Agreement.

Section 5. Payment of Rental Payments. The City will pay to the Trustee promptly when due, all of the Rental Payments (as defined in the Lease) and other amounts required by the Lease. To provide moneys to make such payments, the City will include in its annual budget, for each fiscal year during the term of the Lease, moneys sufficient to pay and for the purpose of paying all Rental Payments and other amounts payable under the Lease, and will take all other

actions necessary to provide moneys for the payment of the obligations of the City under the Lease from sources of the City lawfully available for this purpose. The agreements of the City in this Section 5 are subject to the provisions for termination set forth in the Lease, which shall provide that the Lease will be subject to termination by the City, without penalty, at the end of any fiscal year of the City, if the Council notifies the Trustee, not later than June 1 of that fiscal year that it will not budget or appropriate money for the payment of the City's obligations under the Lease for the succeeding fiscal year. The full faith and credit and ad valorem taxing powers of the City are not pledged to the payment of the City's obligations under the Lease or Certificates of Participation.

Section 6. Continuing Disclosure.

(a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Certificates of Participation and the security therefor and to permit participating underwriters in the primary offering of the Certificates of Participation to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the City hereby makes the following covenants and agrees, for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Certificates of Participation, to provide annual reports of specified information and notice of the occurrence of certain events to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system website ("EMMA"), as hereinafter described (the "Disclosure Covenants"). The City is the only "obligated person" in respect of the Certificates of Participation within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made.

During the past five years, the City has complied in all material respects with any undertaking previously entered into by it under the Rule.

If the City fails to comply with the Disclosure Covenants, any person aggrieved thereby, including the Owners of any outstanding Certificates of Participation, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of the Disclosure Covenants, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder. Notwithstanding anything to the contrary contained in the Disclosure Covenants, in no event shall a default under this Section 6 constitute a default under the Certificates of Participation or under any other provision of this Resolution.

As used in this Section 6, "Owner" means, in respect of a Certificate of Participation, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used in this Section 6, "Beneficial Owner" means, in respect of a Certificate of Participation, any person or entity that (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Certificate of Participation (including persons or entities holding Certificates of Participation through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Certificate of Participation for federal income tax purposes.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

(1) on or before 365 days after the end of each fiscal year of the City, commencing with the fiscal year ending June 30, 2013, the following financial information and operating data in respect of the City (the “Disclosure Information”):

(A) the audited financial statements of the City for such fiscal year, accompanied by the audit report and opinion of the accountant or government auditor relating thereto, as permitted or required by the laws of the State of Montana, containing balance sheets as of the end of such fiscal year and a statement of operations, changes in fund balances and cash flows for the fiscal year then ended, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Montana law, as in effect from time to time or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the City Finance Director; and

(B) To the extent not included in the financial statements referred to in paragraph (A) above, the information of the type set forth below, which information may be unaudited:

- (1) updated figures for the City for the then current fiscal year to include general obligation bonds outstanding, market valuation, taxable valuation, estimated City population, and debt capacity;
- (2) a description of any additional borrowing of the City;
- (3) tax levy and collection figures for the then current fiscal year in a format similar to the table in the Official Statement in the section “City Tax Rates, Levies and Collections”; and
- (4) a list of the major taxpayers for the City for the then current fiscal year in a format similar to the table in the Official Statement in the section “City Property Values—Major Taxpayers”.

Notwithstanding anything in this Section 6, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within ten days after the receipt thereof, the City shall provide the audited financial statements.

Any or all of the Disclosure Information may be incorporated, if it is updated as required hereby, by reference from other documents, including official statements, which have been submitted to the MSRB in the manner set forth in subsection (c) hereof. The City shall clearly identify in the Disclosure Information in each document so incorporated by reference.

If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be material (as hereinafter defined), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations.

If the Disclosure Information is changed or the Disclosure Covenants are amended, then the City shall include in the next Disclosure Information to be delivered pursuant to this Section 6, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(2) In a timely manner not in excess of ten business days, notice of the occurrence of any of the following events:

- (A) principal and interest payment delinquencies;
- (B) non-payment related defaults, if material;
- (C) unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) substitution of credit or liquidity providers, or their failure to perform;
- (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates of Participation or other material events affecting the tax status of the Certificates of Participation;
- (G) modifications to rights of holders of the Certificates of Participation, if material;
- (H) bond calls, if material, and tender offers;
- (I) defeasances;
- (J) release, substitution or sale of property securing repayment of the Certificates of Participation, if material;
- (K) rating changes;

- (L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
- (M) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) appointment of a successor or additional trustee or the change of name of a trustee, if material.

An event is “material” if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Certificate of Participation or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed in this Resolution or information generally available to the public. Notwithstanding the foregoing sentence, an event is also “material” if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Certificate of Participation within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

(3) In a timely manner, notice of the occurrence of any of the following events or conditions:

- (A) the failure of the City to provide the Disclosure Information described above under “—Annual Information” at the time specified thereunder;
- (B) the amendment or supplementing of the Disclosure Covenants, together with a copy of such amendment or supplement and any explanation provided by the City;
- (C) the termination of the obligations of the City under the Disclosure Covenants; and
- (D) any change in the fiscal year of the City.

(c) Manner of Disclosure. The City agrees to make available the information described in subsection (b) hereof to the MSRB via EMMA or in a manner as may be otherwise proscribed by the MSRB consistent with the Rule. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(d) Term; Amendments; Interpretation.

(1) The Disclosure Covenants shall remain in effect so long as any Certificates of Participation are outstanding.

(2) The Disclosure Covenants (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Certificates of Participation, by a resolution of this Council filed in the office of the recording officer of the City accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that such amendment or supplement (A) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the City or the type of operations conducted by the City, or (B) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule, assuming that such provisions apply to the Certificates of Participation.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(3) The Disclosure Covenants are entered into to comply with the continuing disclosure provisions of the Rule and should be construed so the undertaking would satisfy the requirements of paragraph (b)(5) of the Rule.

Section 7. Tax Covenants and Certifications.

7.01. General Covenant. The City covenants and agrees with the owners from time to time of the Certificates of Participation that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest component of the Rental Payments payable under the Lease and received by the registered owners of the Certificates of Participation to become includable in gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code") and applicable Treasury Regulations (the "Regulations"), and covenants to take any and all actions within its powers to ensure that the interest component of the Rental Payments payable under the Lease and received by the registered owners of the Certificates of Participation will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

7.02. Improvements. The City represents and covenants that the City is the lessee of the Improvements and uses them for its municipal functions. So long as the Certificates of Participation are outstanding, the City will not enter into any lease, use agreement or other contract or agreement respecting the Improvements which would cause the Lease and Certificates of Participation to be considered a "private activity bond" or "private loan bond" pursuant to the provisions of Section 141 of the Code.

7.03. Arbitrage Certification. The Mayor, the City Finance Director and the City Clerk being the officers of the City charged with the responsibility for issuing the Certificates of Participation pursuant to this Resolution, are authorized and directed to execute and deliver to the Original Purchaser a certificate in accordance with the provisions of Section 148 of the Code, and Section 1.148-2(b) of the Regulations, stating that on the basis of facts, estimates and

circumstances in existence on the date of issue and delivery of the Lease and the Certificates of Participation, it is reasonably expected that the proceeds of the Lease and the Certificates of Participation will not be used in a manner that would cause the Lease and the Certificates of Participation to be “arbitrage bonds” within the meaning of Section 148 of the Code and the Regulations.

7.04. Arbitrage Rebate. The City acknowledges that the Lease and the Certificates of Participation are subject to the rebate requirements of Section 148(f) of the Code. The City covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under said Section 148(f) and applicable Treasury Regulations to preserve the exclusion of interest on the Lease and the Certificates of Participation from gross income for federal income tax purposes, unless the Lease and the Certificates of Participation qualify for the exception from the rebate requirement under Section 148(f)(4)(B) of the Code and no “gross proceeds” of the Lease and the Certificates of Participation (other than amounts constituting a “bona fide debt service fund”) arise during or after the expenditure of the original proceeds thereof. In furtherance of the foregoing, the Mayor, the City Finance Director and the City Clerk are hereby authorized and directed to execute a Rebate Certificate, substantially in the form to be prepared by Bond Counsel, and the City hereby covenants and agrees to observe and perform the covenants and agreements contained therein, unless amended or terminated in accordance with the provisions thereof.

7.05. Information Reporting. The City shall file with the Secretary of the Treasury, not later than May 15, 2013, a statement concerning the Lease and the Certificates of Participation containing the information required by Section 149(e) of the Code.

Section 8. Transcript Certification. The officers of the City are directed to furnish to the Original Purchaser certified copies of all proceedings and information in their official records relevant to the authorization of the Lease and the Certificates of Participation and such certificates and affidavits as to other matters appearing in their official records or otherwise known to them as may be reasonably required to evidence the validity and enforceability of the Lease and the Certificates of Participation and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations and recitals of the City as to the correctness of all facts stated therein and the completion of all proceedings stated therein to have been taken.

Section 9. Repeals and Effective Date.

9.01. Repeal. All provisions of other resolutions and other actions and proceedings of the City and this Council that are in any way inconsistent with the terms and provisions of this Resolution are repealed, amended and rescinded to the full extent necessary to give full force and effect to the provisions of this Resolution.

9.02. Effective Date. This Resolution shall take effect immediately upon its passage and adoption by this Council.

PASSED AND ADOPTED by the City Council of the City of Billings, Montana, this 25th day of February, 2013.

CITY OF BILLINGS, MONTANA

BY: Thomas W. Hanel
Thomas W. Hanel, Mayor

Attest: Cari Martin
Cari Martin, City Clerk

