

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Billings, Yellowstone County, Montana (the "City"), hereby certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION AUTHORIZING THE FINANCING OF A PROJECT UNDER MONTANA CODE ANNOTATED, TITLE 90, CHAPTER 5, PART 1, AS AMENDED, AND THE ISSUANCE AND SALE OF AN INDUSTRIAL DEVELOPMENT REVENUE NOTE (SUTTON PROPERTIES PROJECT), SERIES 1998, TO FINANCE THE SAME; APPROVING THE FORM OF DOCUMENTATION IN CONNECTION THEREWITH; AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE NOTE AND DOCUMENTATION" (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 March 23, 1998, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 Councilmembers voted in favor thereof: Unanimous

voted against the same: none ;
abstained from voting thereon: none ;
or were absent: none .

WITNESS my hand officially this 23 day of March, 1998.

Marita Neroed
City Clerk

RESOLUTION NO. 98-17337

RESOLUTION AUTHORIZING THE FINANCING OF A PROJECT UNDER MONTANA CODE ANNOTATED, TITLE 90, CHAPTER 5, PART 1, AS AMENDED, AND THE ISSUANCE AND SALE OF AN INDUSTRIAL DEVELOPMENT REVENUE NOTE (SUTTON PROPERTIES PROJECT), SERIES 1998, TO FINANCE THE SAME; APPROVING THE FORM OF DOCUMENTATION IN CONNECTION THEREWITH; AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE NOTE AND DOCUMENTATION

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

Section 1. Authorization and Recitals.

1.01. General Authority. The City is authorized by Montana Code Annotated, Title 90, Chapter 5, Part 1, as amended (the "Act"), to enter into agreements the governing body considers advantageous and not in conflict with the provisions of the Act to issue revenue bonds or notes and sell such bonds or notes at public or private sale in such manner and at such times as may be determined by this body to be most advantageous; and to loan the proceeds of its revenue bonds for the purpose of defraying the cost of acquiring or improving projects consisting of real and personal properties suitable for use as commercial, manufacturing, agricultural or industrial enterprises, recreational or tourist facilities, multifamily housing, hospitals, long-term care facilities or medical facilities within its boundaries, or to refund bonds or notes issued under the Act. Such revenue bonds or notes may be secured by a pledge of the revenues to be derived by the City from a loan agreement with the borrower, by a mortgage on the project and by such other security devices as may be deemed advantageous. Under the provisions of the Act, any bonds or notes so issued by the City shall be special, limited obligations of the City, and shall not constitute nor give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

1.02. Proposed Note. Representatives of Sutton Properties of Montana, L.L.P., a Montana limited liability partnership (the "Borrower"), have proposed that the City, acting under and pursuant to the Act, issue its Industrial Development Revenue Note (Sutton Properties Project), Series 1998, in the maximum authorized principal amount of \$1,200,000 (the "Note"), for the purpose of providing funds to finance a portion of the costs of a project (the "Project") on behalf of the Borrower consisting of the acquisition of land in the City and an existing building located thereon, and the equipping and renovation of the building and related improvements suitable for use as a facility for the manufacture of sportswear (the "Facility"). The Borrower proposes to lease the Facility to Sutton's Sportswear Company, a Montana corporation, for use in its business operations.

Pursuant to the proposal, the proceeds of the Note would be loaned to the Borrower pursuant to a Loan Agreement between the City and the Borrower (the "Loan Agreement") to be applied to the payment of costs of the Project and the payment of certain costs associated with the issuance of the Note; the Borrower would agree to repay the loan at such times and in such amounts sufficient in the aggregate to provide for the prompt payment of the principal of, premium, if any, and interest on the Note; pursuant to a Construction Loan Agreement to be entered into between the City, the Borrower and Norwest Bank Montana, National Association, in Billings, Montana (the "Lender"), the Lender would agree to disburse proceeds of the Note from time to time to the Borrower or its order to pay or reimburse the Borrower for payment of costs of the Project; pursuant to a Combination Trust Indenture, Security Agreement and Fixture Filing Statement (the "Trust Indenture"), between the Borrower, as grantor, Norwest Bank Montana, National Association, in Billings, Montana, as beneficiary (the "Lender") and a trustee, the Borrower would grant a mortgage lien on and security interest in the Facility for the benefit of the Lender, to secure the full and prompt payment of the principal of, premium, if any, and interest on the Note and the obligations of the Borrower under the Loan Agreement; and pursuant to an Assignment of Loan Agreement (the "Assignment"), the City would assign certain of its interests in the Loan Agreement to the Lender.

The Note would be a special, limited obligation of the City payable solely from and secured by the loan repayments to be made by the Borrower under the Loan Agreement, and by the Construction Loan Agreement and the Trust Indenture and would not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taking powers.

1.03. Prior Approval and Public Hearing. On December 22, 1997, this Council by Resolution No. 97-17318, following a public hearing on the proposal to finance the Project and issue the City's revenue note for such purpose, confirmed its prior approvals and authorization with respect to the Project and the issuance of the Note.

1.04. Documentation. Draft forms of the following documents relating to the Project and the Note have been prepared and submitted to this Council, and are hereby directed to be filed with the City Clerk:

- (a) the Loan Agreement;
- (b) the Assignment;
- (c) the Construction Loan Agreement; and

(d) the Trust Indenture.

A draft form of the Note is attached to this Resolution as Exhibit A and hereby incorporated herein and made a part hereof.

1.05. Offer to Purchase. The City has received an offer from the Lender to purchase the Note at a price equal to the principal amount thereof advanced from time to time under the Construction Loan Agreement. The Borrower has recommended to this Council that the offer be accepted.

Section 2. Findings.

It is hereby found, determined and declared that:

(a) based on representations of the Borrower, the Facilities comprise real and personal properties which shall be suitable for use in connection with a manufacturing facility as contemplated by the Act;

(b) the financing of the Project, the issuance and sale of the Note, the execution and delivery of the Loan Agreement, the Assignment, the Construction Loan Agreement and all other acts and things required under the Constitution and laws of the State of Montana to make the Loan Agreement, the Assignment, the Construction Loan Agreement and the Note valid and binding special, limited obligations of the City in accordance with their terms, are authorized by the Act;

(c) the issuance and sale of the Note and the financing of the Project by the City for the benefit of the Borrower are in the public interest of the City and its citizens;

(d) it is desirable that the Note be issued by the City upon the terms set forth in this resolution under the provisions of which, and as further provided in the Assignment, certain of the City's interests in the Loan Agreement, and its interest in all loan repayments thereunder, will be assigned and pledged to the Lender as security for the payment of principal of, interest, redemption premiums, if any, and other amounts payable under the Note by the City;

(e) the loan repayments and other amounts to be paid by the Borrower under the Loan Agreement are sufficient (1) to pay the total principal of, premium, if any, and interest on the Note when due, (2) to pay any taxes on the Facility, which during the term of the Loan Agreement shall be subject to taxation to the same extent, in the same manner, and under same procedures as privately owned property in similar circumstances, and (3) to pay all other

costs and expenses of the City in connection with the Facility and the issuance of the Note; and the Loan Agreement also provides that the Borrower is required to pay or cause to be paid all expenses of the operation and maintenance of the Facility, including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the Facility and payable during the term of the Loan Agreement;

(f) based on representations of the Lender, no reserves are deemed advisable in connection with the Project or the Note, except as provided in the Loan Agreement; and

(g) under the provisions of Montana Code Annotated, Sections 90-5-103 and 90-5-104, and as provided in the Loan Agreement and stated on the face of the Note, the Note are special, limited obligations of the City payable solely from loan repayments to be made by the Borrower (except to the extent payable from proceeds of the Note or from amounts realized from enforcement of the Trust Indenture) and does not constitute a pecuniary liability of the City or a charge against its general credit or taxing powers.

Section 3. Authorization and Approval of Documents. The City is hereby authorized to issue the Note to provide funds to finance the Project, and to pledge and assign the Loan Agreement and the loan repayments due thereunder, all as provided in the Loan Agreement and Assignment.

The forms of Loan Agreement, the Assignment, the Trust Indenture, the Construction Loan Agreement and the Note referred to in Section 1.04 are hereby approved, subject to such modifications thereto, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the Mayor and the City Attorney, which approval shall be conclusively evidenced by execution of the Loan Agreement, the Assignment, the Construction Loan Agreement and the Note by the appropriate officer or officers of the City. The Loan Agreement, the Assignment and the Construction Loan Agreement are directed to be executed in the name and on behalf of the City by the Mayor and the City Clerk. Copies of all of the documents shall be delivered, filed and recorded as provided therein. In the absence or disability of the Mayor, any of the documents authorized by this resolution to be executed, may be executed by the acting Mayor and in the absence or disability of the City Clerk by such officer of the City who, in the opinion of the City Attorney, may execute such documents.

The Mayor, the City Clerk and the Director of Finance are also authorized and directed to execute such other instruments as may be required to give effect to the transactions herein contemplated.

Section 4. The Note: Terms, Sale and Execution.

4.01. **Issuance.** In anticipation of the receipt of the loan repayments from the Borrower, the City shall proceed forthwith to issue the Note to be designated as "Industrial Development Revenue Note (Sutton Properties Project), Series 1998," in the maximum authorized principal amount of \$1,200,000, in substantially the form attached as Exhibit A, and upon the terms set forth in said form and this Resolution.

Proceeds of the Note shall be disbursed from time to time by the Lender upon satisfaction of the requirements in the Construction Loan Agreement. The Note shall be dated as of the date of its delivery. The principal of and interest on the Note shall be payable in lawful money of the United States of America by the Note Registrar to the registered owner of the Note at its address as it appears in the Note Register of the City. The Note shall bear interest as set forth therein. Interest on the Note shall be calculated on the basis of the number of days elapsed in a year of 365 or 366 days, as applicable. The principal of the Note shall be subject to redemption at times and upon the terms and conditions set forth in each Note.

4.02. **Registration of Transfer.** The City will cause to be kept at the office of the Director of Finance a Note Register in which, subject to such reasonable regulations as it may prescribe, the City shall provide for the registration of transfers of ownership of the Note, as more fully prescribed in the Note. The Director of Finance is hereby appointed Note Registrar for this purpose.

4.03. **Sale and Execution.** The proposal of the Lender to purchase the Note as described in Section 1.05 is hereby found and determined to be reasonable and is hereby accepted. The Mayor and the City Clerk are hereby authorized and directed to prepare and execute the Note as prescribed herein and in the Note and to deliver them to the Lender, together with a certified copy of this resolution, and such other certificates, documents and instruments as may be appropriate to effect the transaction herein contemplated.

4.04. **Assignment.** The Note shall be transferable by the registered owner or its attorney duly authorized in writing upon presentation thereof to the Note Registrar together with a written instrument of transfer satisfactory to the Note Registrar duly executed by the registered owner or its attorney. Such transfer shall be noted on the Note. Upon request of the registered owner or transferee, the City shall execute and deliver another Note of a principal amount equal to the outstanding principal amount of the Note and maturing at the same time as the Note so transferred, and the Note so surrendered for transfer shall be promptly canceled by the Note Registrar. No service charge shall be made for such transfer, but the City may require payment of a sum sufficient to cover any tax, fee or governmental charge or other expense incurred by the City with respect to such

transfer. Until and unless otherwise provided by resolution of the City, the following shall be a sufficient written instrument of transfer within the meaning of this Section 4.04:

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto: _____
the Industrial Development Revenue Note (Sutton Properties Project), Series 1998,
No. R-_____ of the City of Billings, Montana, and all rights thereunder, and hereby
irrevocably constitutes and appoints _____
attorney to transfer the Note on the books kept for registration thereof, with full
power of substitution in the premises.

Dated: _____

Registered Owner

Section 5. Authentication of Proceedings. The Mayor, the City Clerk and other officers of the City are authorized and directed to furnish to the Lender and bond counsel certified copies of all proceedings and records of the City relating to the Note, and such other affidavits and certificates as may be required to show the facts relating to the legality and marketability of the Note as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the City as to the truth of all statements of fact contained therein.

Section 6. Tax Matters with respect to the Note.

6.01. The City recognizes the obligation to comply with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the rebate of certain amounts to the United States, and has caused the Borrower to covenant in the Loan Agreement that it will take or refrain from any actions, the result of which would be to cause the interest on the Note to become includable in gross income for purposes of federal income taxation as a result of the failure to comply with Section 148(f) of the Code and applicable Treasury Regulations. The City, by the Loan Agreement, has obligated the Borrower to take all actions necessary to comply with the rebate requirement, including making or causing to be made the computations of rebate or penalty amounts and paying the costs of computing any such rebate or penalty amounts.

6.02. The Mayor, the Director of Finance and the City Clerk, being the officers of the City charged with the responsibility for issuing the Note pursuant to this resolution, are authorized and directed to execute and deliver to the Lender a certificate, based on representations to be made by the Borrower, 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 Note, it is reasonably expected that the proceeds of the Note will be used in a manner that would not cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code and the Regulations.

Section 7. Fee. The Borrower shall pay to the City for the costs and expenses it has incurred and will incur in connection with the issuance of the Note a fee of \$ _____ payable on the date of adoption of this resolution.

Section 8. Effective Date. This resolution shall become effective immediately upon its passage and approval.

PASSED AND APPROVED by the City Council of the City of Billings, Montana, on this 23rd day of March, 1998.



Charles J. Taally
Charles J. Taally
Mayor

Attest: Marita Kroold
City Clerk

Reviewed as to form:

James A. Tilton
James A. Tilton
City Attorney

Exhibit A

[Form of Note]

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF YELLOWSTONE

CITY OF BILLINGS

INDUSTRIAL DEVELOPMENT REVENUE NOTE
(SUTTON PROPERTIES PROJECT)
SERIES 1998

No. R-1 \$1,200,000.00

FOR VALUE RECEIVED, THE CITY OF BILLINGS, Yellowstone County, Montana, a municipal corporation and political subdivision of the State of Montana (the "Issuer"), hereby promises to pay to NORWEST BANK MONTANA, NATIONAL ASSOCIATION, of Billings, Montana (the "Lender") or registered assigns (the Lender and any subsequent registered assign, the "Holder"), at the principal office of the Lender in Billings, Montana, or at such other place as the Holder may designate in writing, solely from the source and in the manner hereinafter provided, the principal amount of ONE MILLION TWO HUNDRED THOUSAND and No/100 Dollars (\$1,200,000.00), or so much thereof has been advanced under the Construction Loan Agreement (as hereinafter defined), with interest on the unpaid principal amount hereof at the rate set forth in paragraph 1(a) hereof (the "Tax-Exempt Rate"), or at the higher rate specified in paragraph 1(b) hereof (the "Taxable Rate") upon a Determination of Taxability (as hereinafter defined), in any coin or currency which at the time or times of payment is legal tender for the payment of public or private debts in the United States of America, in accordance with the terms hereinafter set forth:

1. This Note shall bear interest and be payable as follows:

(a) (i) Interest shall accrue on the unpaid principal balance of this Note from and after the date of this Note to and including March __, 2003 at the rate of seven and sixty-five hundredths percent (7.65%) per annum [or, if different, 90% of the base or prime rate publicly announced by Norwest Bank Minnesota, National Association, of Minneapolis, Minnesota, on the date of issuance hereof], and from and after March __, 2003 to and including the date of payment of this Note in full, at an annual rate equal to the product of (i) the interest rate publicly announced by Norwest Bank Minnesota, National Association (or its successor), of Minneapolis,

Minnesota, on March __, 2003 as its base or prime rate (or an equivalent interest rate index) (or if such rate is no longer announced by such banking association or any successor, the rate of interest published on March __, 2003 by The Wall Street Journal in its money rate tables as the "prime rate" (or, if The Wall Street Journal is not published on such date or if such "prime rate" is no longer published, the "prime rate" as last so published), and (ii) ninety percent (90%) (as in effect from time to time, the "Tax-Exempt Rate").

(ii) Before a Determination of Taxability, the principal of and interest on this Note shall be payable in installments, as follows:

(A) Principal and interest shall be payable in the amount of \$14,338 on April __, 1998 and on the ____ day of each succeeding month before the Final Maturity Date (as hereinafter defined) (each a "Payment Date"); and

(B) Payment of the entire unpaid principal amount hereof, together with all accrued but unpaid interest thereon, and all other indebtedness due hereunder shall be payable on March __, 2008 (the "Final Maturity Date").

(b) (i) In the event that the interest on this Note shall become includable in gross income for purposes of federal income taxation pursuant to a Determination of Taxability (as hereinafter defined), the interest rate specified in paragraph 1(a)(i) hereof shall be increased, retroactively effective from and after the Date of Taxability (as hereinafter defined) to an annual interest rate equal, as of any date, to the sum of: (i) the product of the Tax-Exempt Rate that would have been in effect and 111.1111%, plus (ii) one-half of one percent (0.50%) per annum (the "Taxable Rate"). The Issuer shall, solely from payments required to be made by the Borrower (as hereinafter defined), immediately upon demand pay to the Holder and to each prior Holder since the Date of Taxability an amount equal to the amount by which the interest accrued retroactively at the Taxable Rate from the Date of Taxability to the date of payment exceeds the amount of interest actually accrued hereunder at the Tax-Exempt Rate and paid to the Holder and any such prior Holder during said period. Such obligation shall survive the payment in full of the principal amount of this Note.

(ii) After a Determination of Taxability, the principal of and interest on this Note shall be payable in monthly installments, as follows:

(A) Principal and interest shall be payable on the ____ day of each month in an amount sufficient to amortize fully the principal balance of this Note, together with interest thereon at the Taxable

Rate, in monthly installments of principal and interest by the Final Maturity Date; and

(B) Payment of the entire unpaid principal amount hereof, together with all accrued but unpaid interest thereon, and all other indebtedness due hereunder shall be payable on the Final Maturity Date.

(c) As used herein, the following terms have the following meanings:

"Borrower" means Sutton Properties of Montana, L.L.P., a Montana nonprofit corporation, or any permitted successor or assign under the Loan Agreement.

"Business Day" has the meaning assigned such term in the Loan Agreement.

"Construction Loan Agreement" means the Construction Loan Agreement, dated the date hereof, between the City, the Borrower and the Lender, as such may be amended or supplemented from time to time in accordance with its terms.

"Date of Taxability" shall have the meaning ascribed to it in the Loan Agreement.

"Determination of Taxability" shall have the meaning ascribed to it in the Loan Agreement.

"Loan Agreement" means the Loan Agreement, dated the date hereof, between the Issuer and the Borrower, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

(d) Attached to this Note is Schedule A (which is hereby incorporated herein and made a part hereof). The Holder shall promptly note the date and amount of each advance of proceeds of the Note hereunder under the Schedule of Advances contained in Schedule A. The failure of the Holder to complete any information in Schedule A or the inaccuracy of any information contained therein shall not alter or impair the obligation of the City hereunder.

(e) In the event the Issuer shall fail to make when due any principal, premium, if any, or interest payments required under this Note, the principal or interest payment so in default shall continue as a special, limited obligation of the Issuer until the interest payment or principal, premium and interest payment in default shall have been fully paid, and the Issuer agrees to pay, but solely from the revenues derived under the Loan Agreement, interest thereon (including to the

extent permitted by law, interest on overdue installments of interest) at the rate of interest per annum then borne by this Note.

2. All payments shall be applied first to interest due on the outstanding principal amount hereof and thereafter in reduction of the principal amount hereof. All interest hereon shall be computed on the basis of a year of 365 or 366 days, as applicable. If any Payment Date is not a Business Day, such payment shall be payable on the next succeeding Business Day with the same effect as if paid on the Payment Date and without additional interest payable thereon.

3. This Note is subject to prepayment in whole or in part at the option of the Borrower, on any Payment Date upon at least thirty (30) days' prior written notice to the Holder (or such shorter period of notice as may be acceptable to the Holder), at a redemption price equal to the principal amount to be prepaid plus interest accrued thereon to the date of prepayment and without premium.

To effect any such prepayment, the Issuer shall pay or cause to be paid to the Holder, but solely from the revenues available under the Loan Agreement, an amount equal to the prepayment price, including accrued interest on this Note to the date of such prepayment. Any partial prepayments shall be applied in inverse order of principal installments payable under paragraph 1(a) or (b) hereof.

4. This Note comprises an authorized issue of notes of the Issuer, designated as "Industrial Development Revenue Note (Sutton Properties Project), Series 1998," issued in the maximum authorized aggregate principal amount of \$1,200,000. This Note is issued by the Issuer pursuant to the authority granted by Montana Code Annotated, Title 90, Chapter 5, Part 1, as amended (the "Act"), for the purpose of providing funds to be used, with other available funds of the Borrower, to defray costs of a project, as defined in the Act, consisting of the acquisition of land in the City and an existing building located thereon, and the equipping and renovation of the building and related improvements suitable for use as a facility for the manufacture of sportswear, and paying necessary expenses incidental thereto. The proceeds of this Note are to be loaned by the Issuer to the Borrower pursuant to the Loan Agreement, thereby assisting activities in the public interest and for the public welfare of the State of Montana. This Note is further secured by an Assignment of Loan Agreement, date the date hereof, from the Issuer to the Lender (the "Assignment"), a Combination Trust Indenture and Security Agreement and Fixture Filing Statement, dated the date hereof (the "Trust Indenture"), from the Borrower, as grantor, to _____, as trustee, for the benefit of the Lender, as beneficiary.

5. This Note shall be registered and shall be transferable upon the books of the Issuer at the office of the Director of Finance of the City in Billings, Montana, by the Holder hereof in person or by its attorney duly authorized in writing, upon

surrender hereof together with a written instrument of transfer satisfactory to the Director of Finance, duly executed by the Holder or its duly authorized attorney. Upon such transfer, the Director of Finance will note the date of registration and the name and address of the new Holder upon the books of the Issuer and in the registration blank appearing below. Alternatively, the Issuer will, at the request and expense of the Holder, issue a new note or notes in an aggregate principal amount equal to the unpaid principal balance of this Note, and of like tenor except as to number, principal amount and the number and amount of the installments payable thereunder, and registered in the name of the Holder or such transferee as may be designated by the Holder. If more than one note is to be issued upon any such exchange, the governing body of the Issuer shall prescribe the form thereof by resolution to ensure that no alteration inadvertently occurs in the terms of or security for this Note.

The Issuer and the Note Registrar may deem and treat the person in whose name this Note is last registered upon the books of the Issuer with such registration also noted on the Note, as the absolute owner hereof, whether or not this Note is overdue, for the purpose of receiving payment of or on account of the principal balance, prepayment price or interest and for all other purposes, and all such payments so made to the Holder or upon its order shall be valid and effectual to satisfy and discharge the liability upon this Note to the extent of the sum or sums so paid, and the Issuer shall not be affected by any notice to the contrary.

6. Time is of the essence under this Note. If default occurs under this Note, or an Event of Default occurs under the Loan Agreement or the Trust Indenture, or if any other event occurs which entitles the Lender or the Holder to accelerate payment under the Loan Agreement or the Trust Indenture, then the Holder may at its right and option (subject, however, to such notice, if any, as may be required under the Loan Agreement and Trust Indenture) declare immediately due and payable the principal balance of this Note and interest accrued thereon to the date of declaration of such default, together with any reasonable attorneys' fees incurred by the Holder in collecting or enforcing payment thereof, whether suit be brought or not, and all other sums due hereunder.

7. This Note is not a general obligation of the Issuer, but rather a special, limited obligation of the Issuer and shall not be payable from nor charged upon any funds of the Issuer other than the revenues under the Loan Agreement pledged to the payment thereof, nor shall the Issuer be subject to any liability thereon. No Holder of this Note shall ever have the right to compel any exercise of the taxing power of the Issuer to pay this Note or the interest or any late charges thereon, nor to enforce payment thereof against any property of the Issuer except revenues under the Loan Agreement pledged to the payment hereof pursuant to the Assignment. This Note shall not constitute a charge, lien, or encumbrance, legal or equitable, against the general credit of the Issuer or upon any property of the Issuer, except the

revenues under the Loan Agreement pledged to the payment thereof. This Note, including interest and premium, if any, hereon is payable solely from the revenues under the Loan Agreement pledged to the payment thereof, except to the extent payable out of any proceeds received from the sale or other disposition of the property subject to the Trust Indenture. This Note shall not constitute a debt of the Issuer within the meaning of any constitutional, statutory or charter limitation. Neither the State of Montana, the County of Yellowstone or any other political subdivision shall in any event be liable for the payment of the principal of, premium, if any or interest on this Note or for the performance of any agreement of any kind whatsoever that may be undertaken by the Issuer. Neither this Note nor any of the agreements or obligations of the Issuer contained herein or in the Loan Agreement shall be construed to constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions whatsoever, nor to constitute or give rise to a pecuniary liability or be a charge against the general credit or taxing power of the Issuer. No failure of the Issuer or any party to comply with any term, condition, covenant or agreement in the Note, the Loan Agreement, the Construction Loan Agreement or the Assignment shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge, and no execution on any claim, demand, cause of action or judgment shall be levied upon or collect from the general credit, general funds or taxing powers of the Issuer.

8. The Holder shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event.

9. It is intended that this Note is made with reference to and shall be construed as a Montana contract and governed by the laws thereof, without giving effect to the conflicts-of-law principles thereof.

10. This Note may not be amended, modified or changed nor shall any waiver of any provision hereof be effective, except only by an instrument in writing and signed by the party against whom enforcement of any waiver, amendment, change, modification or discharge is sought. No material modification of the terms and conditions of this Note shall be effective without the prior written consent of the City.

11. If any term of this Note, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

12. *The City is unable to designate, and has not so designated, this Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.*

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened and have been performed in regular and due time, form and manner as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Note to be duly executed by its duly authorized officers and its corporate seal affixed all as of the _____ day of March, 1998.

CITY OF BILLINGS, MONTANA

By _____
Mayor

(SEAL)

Attest: _____
City Clerk

PROVISIONS AS TO REGISTRATION

NO WRITING HEREON EXCEPT BY
THE DIRECTOR OF FINANCE AS NOTE REGISTRAR

The ownership of the unpaid principal balance of this Note and the interest accruing thereon has registered on the books of the Issuer in the name of the registered holder last noted below.

<u>Date of Registration</u>	<u>Name and Address of Registered Holder</u>	<u>Signature of Director of Finance</u>
March __, 1998	Norwest Bank Montana, National Association	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SCHEDULE A

SCHEDULE OF AMOUNTS ADVANCED