

CERTIFICATE AS TO RESOLUTION AND 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 AIRPORT REVENUE REFUNDING BONDS, SERIES 2000; PRELIMINARY AUTHORIZING THE ISSUANCE AND PRIVATE NEGOTIATED SALE THEREOF" (the "Resolution"), on file in the original records of the Council in my legal custody; that the Resolution was duly adopted by the Council at a meeting on October 13, 1998, and that the meeting was duly held by the 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

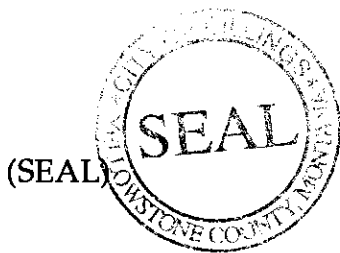
I further certify that, upon vote being taken on the Resolution at said meeting, the following Council Members voted in favor thereof: unanimous

_____;
voted against the same: none_____;

abstained from voting thereon: none_____;

or were absent: McDermott_____.

WITNESS my hand and seal officially this 13 day of October, 1998.



Marita Herold
City Clerk

RESOLUTION NO. 98-17416

RESOLUTION RELATING TO AIRPORT REVENUE REFUNDING
BONDS, SERIES 2000; PRELIMINARY AUTHORIZING THE
ISSUANCE AND PRIVATE NEGOTIATED SALE THEREOF

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

Section 1. Recitals. Under the provisions of Title 67, Chapter 110, Parts 1-4, Montana Code Annotated ("M.C.A.") (the "Municipal Airport Act"), the City is authorized to own and operate a municipal airport. The City is further authorized to issue revenue bonds pursuant to Title 7, Chapter 7, Part 44, M.C.A., for public airport construction and a public airport building (the "Municipal Revenue Bond Act"). The City has operated a municipal airport since 1929 under the Municipal Airport Act and has issued bonds (the "Series 1990 Bonds") under the Municipal Revenue Bond Act. The City is also authorized to exercise the powers of an airport authority pursuant to Title 67, Chapter 11, Parts 1-4, M.C.A. (the "Airport Authority Act"). Pursuant to Resolution No. 90-16319, the City has elected to exercise such powers. The Airport Authority Act and the Municipal Airport Act shall be collectively referred to as the Act. The City is also authorized by the Municipal Airport Authority Act to issue and sell airport revenue bonds to refund outstanding bonds issued for similar purposes. Pursuant to such authorization, this Council issued and sold Airport Revenue Bonds, Series 1990, of the City, dated as of September 1, 1990, in the original aggregate principal amount of \$13,295,000 (the "Prior Bonds"). The Prior Bonds are currently outstanding in the aggregate principal amount of \$12,140,000, mature on July 1 in the years 1999 through 2005, 2010 and 2020, and bear interest at the rates of 6.80% to 7.60% per annum. The Prior Bonds are payable from the net revenues derived from the operation of the Billings Logan International Airport (the "Airport"). The Prior Bonds are not subject to redemption until July 1, 2000. As of July 1, 2000, the Prior Bonds will be outstanding in the principal amount of \$11,900,000. The Director of Finance of the City estimates that in today's market, the Prior Bonds can be refunded to achieve a significant savings. The City has obtained a proposal from D. A. Davidson & Co., of Great Falls, Montana (the "Underwriter") and Sound Capital Management (the "Forward Purchase Advisor") that the City consider a refunding of the Prior Bonds on a forward purchase basis to enable the City to take advantage of today's current interest rate markets, even though the Prior Bonds are not callable until July 1, 2000.

Section 2. Authorization. For the purpose of reducing the interest cost on the indebtedness authorized in Section 1, evidenced by the Prior Bonds, it is hereby determined that it is in the best interests of the Council to agree and consent to sell its airport refunding revenue bonds, pursuant to the Act, in order to refund the Prior Bonds on April 4, 2000 or such later date as may be mutually agreed upon. Such bonds shall be denominated "Airport Refunding Revenue Bonds, Series 2000"

(the "Series 2000 Bonds"), and shall be issued in the aggregate principal amount necessary, but not greater than the amount necessary, taking into consideration other available Airport revenues, to provide funds to pay or redeem the Prior Bonds and to pay all costs of issuing the Series 2000 Bonds including, without limitation, the fees and costs of Underwriter and the consulting fee of Sound Capital, the fees and expenses of bond counsel and financial consultants, the fees of the paying agent and registrar, the fee of the escrow agent, if any, and the costs of printing the Preliminary Official Statement, the Official Statement and the Series 2000 Bonds (the "Costs of Issuance"). The Prior Bonds are subject to redemption on July 1, 2000, at a redemption price equal to 101% of the principal amount thereof to be redeemed plus interest accrued to the date of redemption. Based on the representations of the Underwriter, the Forward Purchase Advisor and the Director of Finance, it has been preliminarily determined that it is in the best interests of the City and the Airport to proceed with the refunding of the Prior Bonds, subject to the terms and limitations contained herein.

Section 3. Preliminary Intent to Sell Bonds. Pursuant to the Act, this Council hereby determines that it would be in the best interests of the City to proceed with a negotiated refunding of the Prior Bonds with the Underwriter. The Series 2000 Bonds shall be sold to the Underwriter on the terms and at a purchase price that will be contained in a Bond Purchase Agreement to be entered into between the City and the Underwriter (the "Bond Purchase Agreement") and a resolution titled "Resolution Relating to the City of Billings Airport; Prescribing Terms and Conditions for the Issuance of Airport Revenue Refunding Bonds, Series 2000, to Refund Airport Revenue Bonds and Fixing the Terms and Conditions Thereof; Creating Special Funds and Accounts and Pledging Certain Revenues as Security for Such Bonds" (the "Bond Resolution"), which will be presented to and approved by this Council, subject to the following limitations and conditions: (1) the aggregate principal amount of the Series 2000 Bonds shall not exceed \$12,100,000; (2) the debt service payable on the Series 2000 Bonds is such that the aggregate debt service savings to be achieved by the refunding is not less than \$2,000,000, taking into consideration all costs associated with the sale and issuance of the Bonds, calculated over the term of the Prior Bonds; (3) the average annual interest rate on the Series 2000 Bonds (including any additional interest) is at least fifty-hundredths percent (0.50%) less than the average annual interest rate on the Prior Bonds; and (4) the term of the Series 2000 Bonds shall not extend beyond the final maturity of the Prior Bonds. All Costs of Issuance shall be paid by the City from either the proceeds of the Series 2000 Bonds or other Airport funds.

The Director of Finance is hereby authorized and directed to work with the Underwriter, the Forward Purchase Advisor, the Director of the Airport, the City's Financial Consultant and the City's Bond Counsel to proceed with the preparation

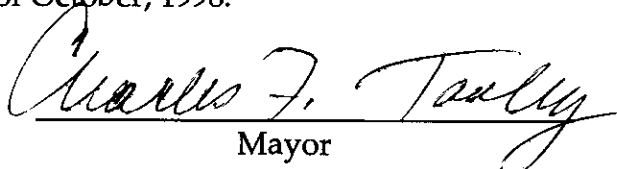
of documents necessary to approve and authorize the sale of the Series 2000 Bonds, including the Bond Purchase Agreement.

Section 4. Preliminary Official Statement. The Director of Finance and other officers of the City, in cooperation with the Purchaser, is hereby authorized and directed to prepare a Preliminary Official Statement to be distributed by the Underwriter to potential purchasers of the Series 2000 Bonds. The Director of Finance is hereby authorized and directed on behalf of the City to approve the Preliminary Official Statement and deem it a "final" official statement as of its date, in accordance with Rule 15c2-12(b)(1) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 5. Bond Purchase Agreement. Prior to the execution of a Bond Purchase Agreement, the final form thereof and the final sizing, sale price, Underwriter's discount and interest rates on the Series 2000 Bonds shall be presented to and approved by this Council.

Section 6. Continuing Disclosure. If necessary, in order to permit bidders for the Series 2000 Bonds and other participating underwriters in the primary offering of the Series 2000 Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), the City will covenant and agree, for the benefit of the registered holders and beneficial owners from time to time of the outstanding Series 2000 Bonds, in the resolution prescribing the terms of the Bonds, to provide annual reports of specified information and notice of the occurrence of certain events, if material. The City's Airport Fund is the only "obligated person" in respect of the Series 2000 Bonds within the meaning of the Rule for the purposes of disclosing information on an ongoing basis. A description of the undertaking is set forth in the Official Statement. Failure of the City to enter into an undertaking substantially similar to that described in the Official Statement would relieve the successful bidder of its obligation to purchase the Series 2000 Bonds. The City has complied in all material respects with any undertaking previously entered into by it under the Rule.

Passed and approved this 13th day of October, 1998.


Mayor

Attest: 
City Clerk

