

- (J) release, substitution or sale of property securing repayment of the Series 2015 Bonds, 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 Series 2015 Bond or, if not disclosed, would materially alter the total mix of information otherwise available to an investor from the Official Statement 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 Series 2015 Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

(iii) In a timely manner, the City will provide notice of the occurrence of any of the following events or conditions:

- (A) the failure of the City to provide the Disclosure Information described under paragraph (b)(i) hereof at the time specified thereunder;
- (B) the amendment or supplementing of the Disclosure Covenants pursuant to paragraph (d) hereof, 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 paragraph (b) hereof to the MSRB through 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.

(i) The Disclosure Covenants shall remain in effect so long as any Series 2015 Bonds are outstanding.

(ii) Notwithstanding paragraph (d)(i) hereof, 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, or the consent of, the Owners of any Series 2015 Bonds, 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 the Disclosure Covenants (and the form and requirements of the Disclosure Information), as so amended or supplemented, will comply with paragraph (b)(5) of the Rule. If the Disclosure Covenants (and the form and requirements of the Disclosure Information) are 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.

(iii) 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. Use of 2008 Project. The 2008 Project is and will be owned and operated by the City. No user of the 2008 Project is granted any concession, license or special arrangement with respect to the 2008 Project. The City shall not enter into any lease, use or other agreement or arrangement with any non-governmental Person relating to the use of the 2008 Project or security for the payment of the Series 2015 Bonds which might cause the Series 2015 Bonds to be considered "private activity bonds" or "private loan bonds" within the meaning of Section 141 the Code. No "impermissible agreement" as defined in Section 1.141-4(e)(4)(ii) of the Regulations, has been or will be entered into by the Commission in respect of the Tax Increment or otherwise to secure the Series 2015 Bonds.

7.02. General Covenant. The City covenants and agrees with the Owners from time to time of the Series 2015 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 interest on the Series 2015 Bonds to become includable in gross income for federal income tax purposes under the Code and applicable Regulations, and covenants to take any and all actions within its powers to ensure that the interest on the Series 2015 Bonds will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

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 Series 2015 Bonds 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 Series 2015 Bonds, it is reasonably expected that the proceeds of the Series 2015 Bonds will not be used in a manner that would cause the Series 2015 Bonds 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 Series 2015 Bonds 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 Regulations to preserve the exclusion of interest on the Series 2015 Bonds from gross income for federal income tax purposes, unless the Series 2015 Bonds qualify for the exception from the rebate requirement under Section 148(f)(4)(B) of the Code and no "gross proceeds" of the Series 2015 Bonds (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 August 15, 2015, a statement concerning the Series 2015 Bonds containing the information required by Section 149(e) of the Code.

Section 8. Other Covenants of City.

8.01. Punctual Payment. The City will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on the Bonds in accordance with the terms of this Resolution and any applicable Supplemental Resolution and of the Bonds, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Resolution and all Supplemental Resolutions and of the Bonds. Nothing herein contained shall prevent the City from making advances of its own moneys however derived to any of the uses or purposes referred to herein, nor shall be deemed or constitute a pledge or appropriation of funds or assets of the City other than those expressly pledged or appropriated hereby. The City further covenants that it will promptly deposit or cause to be deposited all Tax Increment it receives into the Tax Increment Debt Service Account, as set forth in Section 5.02.

8.02. Accumulation of Claims of Interest. In order to prevent any accumulation of claims for interest after maturity, the City will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Resolution, except subject to the prior payment in full of the principal of all of the Bonds then outstanding and of all claims for interest which shall not have been so extended or funded.

8.03. Against Encumbrances. The City will not encumber, pledge or place any charge or lien upon any of the Tax Increment superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds.

8.04. Books and Accounts; Financial Statements. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Tax

Increment and the Tax Increment Debt Service Account and the Tax Increment Development Account. Such books of record and accounts shall be at all times during business hours subject to the inspection of the Owners of not less than ten percent (10%) of the principal amount of Outstanding Bonds, or their representatives authorized in writing.

8.05. Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Resolution.

8.06. Amendment of Ordinance. Except to authorize additional Projects, the City will not amend or modify the Ordinance or reduce the size of the District if an effect thereof will be to materially and adversely affect the security of the Outstanding Bonds.

8.07. Adjustment of Base Taxable Value. The City shall not adjust the "base taxable value" of the District pursuant to Section 7-15-4287 of the Act so long as any Bonds are Outstanding.

8.08. Pledge of Replacement Revenues. In the event the Constitution or laws of the State are amended to abolish or substantially reduce or eliminate real or personal property taxation and State law then or thereafter provides to the City an alternate or supplemental source or sources of revenue specifically to replace or supplement reduced or eliminated Tax Increment, then the City pledges, and covenants to appropriate annually, subject to the limitations of then applicable law, to the Bond Account from such alternate or supplemental revenues an amount that will, with money on hand in the Bond Account or available and to be transferred to the Bond Account during such Fiscal Year, be sufficient to pay the principal of, premium, if any, and interest on the Outstanding Bonds payable in that Fiscal Year.

8.09. Owners' Rights. No Owner of any Bond issued and secured under the provisions of this Resolution shall have the right to institute any proceeding, judicial or otherwise, for the enforcement of the covenants herein contained, without the written concurrence of the Owners of not less than 25% in aggregate principal amount of all Outstanding Bonds; but the Owners of such aggregate principal amount of Outstanding Bonds may, either at law or in equity, by suit, action or other proceedings, protect and enforce the rights of all Owners of Bonds and compel the performance of any and all of the covenants required herein to be performed by the City and its officers and employees. The Owner of a majority in aggregate principal amount of all Outstanding Bonds shall have the right to direct the time, method and place of conducting any proceedings for any remedy available to the Owners or the exercise of any power conferred on them, and the right to waive a default in the performance of any such covenant, and its consequences, except a default in the payment of the principal of or interest on any Bond when due. Nothing herein shall impair the absolute and unconditional right of the Owner of each Bond to receive payment of the principal of and interest on any Bond as such principal and interest respectively become due, and to institute suit for the enforcement of any such payment. In the event of default in any such payment, any court having jurisdiction of the action may appoint a receiver to administer the Tax Increment Accounts and to collect and segregate and apply the Tax Increment and other revenues pledged thereto as provided by this Resolution or any Supplemental Resolution and the Act.

Section 9. Supplemental Resolutions.

9.01. General. Notwithstanding Section 9.02, the City reserves the right to adopt Supplemental Resolutions to this Resolution from time to time and at any time, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein, or of making such provisions with regard to matters or questions arising hereunder as the City may deem necessary or desirable and not inconsistent with this Resolution, and which shall not adversely affect the interests of the Owners of Bonds issued hereunder, or for the purpose of adding to the covenants and agreements herein contained, or to the Tax Increment herein pledged, other covenants and agreements thereafter to be observed and additional revenues or income thereafter appropriated to the Tax Increment Accounts, or for the purpose of surrendering any right or power herein reserved to or conferred upon the City, or for the purpose of authorizing the creation and issuance of a series of Additional Bonds, as provided in and subject to the conditions and requirements of Section 4. Any such Supplemental Resolution may be adopted without the consent of the Owner of any of the Bonds issued hereunder.

9.02. Consent of Owners. With the consent of the Owners of a majority in principal amount of Outstanding Bonds affected thereby as provided in Section 9.04, the City may from time to time and at any time adopt a Supplemental Resolution for the purpose of amending this Resolution by adding any provisions hereto or changing in any manner or eliminating any of the provisions hereof or of any Supplemental Resolution, except that no Supplemental Resolution shall be adopted at any time without the consent of the Owners of all Outstanding Bonds affected thereby, if it would extend the time of payment of interest thereon, would reduce the amount of the principal thereof or redemption premium thereon, would give to any Bond or Bonds any privilege over any other Bond or Bonds (except for the privilege accorded Bonds over Subordinate Obligations), would reduce the sources of Tax Increment or other revenues or income appropriated to the Tax Increment Accounts, or would reduce the percentage in principal amount of such Bonds required to authorize or consent to any such Supplemental Resolution.

9.03. Notice. Notice of a Supplemental Resolution to be adopted pursuant to Section 9.02 shall be mailed by first-class mail, postage prepaid, to the Owners of all Outstanding Bonds at their addresses appearing in the Bond Register and shall become effective only upon the filing of written consents with the City Clerk, signed by the Owners of the requisite aggregate principal amount of Outstanding Bonds affected thereby. Any written consent to the Supplemental Resolution may be embodied in and evidenced by one or any number of concurrent written instruments of substantially similar tenor signed by Owners thereof in person or by agent duly appointed in writing, and shall become effective when delivered to the City Clerk. Any consent by the Owner of any Bond shall bind that Owner and every future Owner of the same Bond with respect to any Supplemental Resolution adopted by the City pursuant to such consent; provided that any Owner may revoke his consent with reference to any Bond by written notice received by the City Clerk before the Supplemental Resolution has become effective. In the event that unrevoked consents of the Owners of the requisite aggregate principal amount of Bonds have not been received by the City Clerk within one year after the publication of notice of the Supplemental Resolution, the Supplemental Resolution and all consents theretofore received shall be of no further force and effect.

9.04. Manner of Consent. Proof of the execution of any consent, or of a writing appointing any agent to execute the same, shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the City if made in the manner provided in this Section 9.04. The fact and date of the execution by any Person of any such consent may be proved by the affidavit of a witness of such execution or by the certification of any notary public or other officer authorized by law to take acknowledgment of deeds, certifying that the Person signing it acknowledged to him the execution thereof. The fact and date of execution of any such consent may also be proved in any other manner which the City may deem sufficient; but the City may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. The ownership of any Bonds shall be proved by the Bond Register.

Section 10. Defeasance or Discharge.

10.01. General. When the liability of the City on all Bonds issued under and secured by this Resolution and all interest thereon has been discharged as provided in this Section 10, all pledges, covenants and other rights granted by this Resolution to the Owners of such Bonds shall cease.

10.02. Maturity. The City may discharge its liability with reference to all Bonds and interest thereon which are due on any date by depositing with the Registrar on or before the date a sum sufficient for the payment thereof in full; or if any Bond or interest thereon shall not be paid when due, the City may nevertheless discharge its liability with reference thereto by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

10.03. Redemption. The City may also discharge its liability with reference to any Bonds which are called for redemption on any date in accordance with their terms, by depositing with the Registrar on or before that date an amount equal to the principal, premium, if any, and interest which are then due thereon; provided that notice of such redemption has been duly given or irrevocably provided for as provided in this Resolution.

10.04. Escrow. The City may also at any time discharge its liability in its entirety with reference to any Bond 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 Defeasance Obligations 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 provide funds sufficient to pay all principal, premium, if any, and interest to become due on such Bond at its Stated Maturity or, if such Bond is prepayable and notice of redemption thereof has been given or irrevocably provided for as provided in this Resolution, to such earlier Redemption Date.

10.05. Certification of Proceedings. The officers of the City are hereby authorized and directed to prepare and furnish to the Original Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records of the City, and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Series 2015 Bonds as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies,

certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

Section 11. Repeals and Effective Date.

11.01. 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.

11.02. 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 11th day of May, 2015.

CITY OF BILLINGS

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

Attest: Cari Martin
Cari Martin, City Clerk

(SEAL)



EXHIBIT A

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF YELLOWSTONE

CITY OF BILLINGS, MONTANA

**TAX INCREMENT URBAN RENEWAL REVENUE REFUNDING BONDS
(SOUTH BILLINGS BOULEVARD URBAN RENEWAL DISTRICT), SERIES 2015**

No. _____ \$ _____

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	July 1,	May 20, 2015	090141

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS AND NO/100

FOR VALUE RECEIVED, THE CITY OF BILLINGS, YELLOWSTONE COUNTY, STATE OF MONTANA (the "City"), acknowledges itself to be specially indebted and hereby promises to pay to the registered owner named above or registered assigns the principal amount specified above on the maturity date specified above or, if this Bond is prepayable as stated below, on an earlier date on which this Bond shall have been duly called for redemption, with interest hereon from the date of original issue hereof, or such later date to which interest hereon has been paid or duly provided for, until the principal amount is paid or until this Bond, if redeemable, has been duly called for redemption, at the annual rate specified above. Principal of this Bond is payable upon presentation and surrender hereof to U.S. Bank National Association, Seattle, Washington, as registrar, transfer agent and paying agent, or its successor designated under the Resolution described herein (the "Registrar") at its operations center in St. Paul, Minnesota. The interest on this Bond shall be payable on January 1 and July 1 in each year, commencing January 1, 2016. Interest on the Series 2015 Bonds shall be payable to the owners of record thereof as such appear on the Bond Register as of the close of business on the 15th day of the month immediately preceding each interest payment date, whether or not such day is a Business Day. Interest on, and upon presentation and surrender thereof, the principal of each Bond shall be payable by check or draft issued by the Registrar described herein.

The principal of and interest on this Bond are payable in lawful money of the United States of America. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the City.

This Bond is one of a duly authorized issue of Bonds of the City designated as "Tax Increment Urban Renewal Revenue Refunding Bonds (South Billings Boulevard Urban Renewal District)" (collectively, the "Bonds"), issued and to be issued in one or more series under, and all equally and ratably secured by Resolution No. [], adopted by the City Council on May 11, 2015 (as amended or supplemented in accordance with the provisions thereof, the "Resolution"), to which Resolution, copies of which are on file with the City, reference is hereby made for a description of the nature and extent of the security, the respective rights thereunder of the Owners of the Bonds and the City and the terms upon which the Bonds are to be issued and delivered. This Bond is one of the series specified in its title, issued in the aggregate principal amount of \$5,170,000 (the "Series 2015 Bonds"), all of like date of original issue and tenor except as to serial number, denomination, date, interest rate, maturity date and redemption privilege. The Series 2015 Bonds are issued by the City for the purpose of financing a portion of the costs of an urban renewal project (as defined in the Act) within the City's South Billings Boulevard Urban Renewal District (the "District"). Capitalized terms used herein but not otherwise defined shall have the respective meanings given such terms in the Resolution.

The Series 2015 Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Montana, particularly Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the "Act"), and pursuant to the Resolution. The Bonds are payable solely and ratably from Tax Increment received by the City and resulting from the extension of ad valorem taxes levied by certain Taxing Bodies against the incremental taxable value of taxable property within the District pursuant to the Act, except that under certain conditions as described in the Resolution, the Bonds may be payable from replacement revenues, if any, provided in the event of the abolition or substantial elimination of property taxation in Montana.

The Bonds are not general obligations of the City and the City's general credit and taxing powers are not pledged to the payment of the Bonds or the interest thereon. The Bonds shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitations.

The Series 2015 Bonds with Stated Maturities in the years 2016 through 2025 are not subject to redemption prior to their Stated Maturities. The Series 2015 Bonds with Stated Maturities on or after July 1, 2026 are subject to redemption on July 1, 2025 and any date thereafter, at the option of the City, in whole or in part, and if in part from such Stated Maturities and in such principal amounts as the City may designate in writing to the Registrar (or, if no designation is made, in inverse order of maturities and within a maturity in \$5,000 principal amounts selected by the Registrar by lot or other manner it deems fair), at a Redemption Price equal to the principal amount thereof and interest accrued to the Redemption Date, without premium.

The Series 2015 Bonds having Stated Maturities in 2035 and 2039 are subject to mandatory sinking fund redemption on July 1 in the respective years and the respective principal amounts set forth below in \$5,000 principal amounts selected by the Registrar, by lot or other manner it deems fair, at a Redemption Price equal to the principal amount thereof to be redeemed plus interest accrued to the Redemption Date:

2035 Term Bond		2039 Term Bond	
Sinking Fund		Sinking Fund	
Payment		Payment	
July 1	Amount	July 1	Amount
2030	\$225,000	2036	\$290,000
2031	235,000	2037	300,000
2032	245,000	2038	315,000
2033	255,000	2039*	330,000
2034	265,000		
2035*	275,000		

*Stated Maturity.

If the Term Bonds having Stated Maturities in 2035 and 2039 are not previously purchased by the City in the open market or prepaid, \$275,000 and \$330,000, respectively, in principal amount of such Term Bonds would remain to mature in 2035 and 2039, respectively. The principal amount of such Term Bonds required to be redeemed on the above Sinking Fund Payment Dates shall be reduced by the principal amount of such Term Bonds theretofore redeemed at the option of the City and as to which the City has not previously applied amounts to reduce the principal amount of such Term Bonds on a Sinking Fund Payment Date.

As provided in the Resolution and subject to certain limitations set forth therein, this Series 2015 Bond is transferable upon the books of the City at the principal office of the Registrar, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his attorney; and may also be surrendered in exchange for Series 2015 Bonds of other authorized denominations. Upon any such transfer or exchange, the City will cause a new Series 2015 Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate 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 City 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 and for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Montana and ordinances and resolutions of the City to be done, to exist, to happen and to be performed in order to make this Series 2015 Bond a valid and binding special, limited obligation of the City in accordance with its terms have been done, do

exist, have happened and have been performed as so required; that this Series 2015 Bond has been issued by the City in connection with an urban renewal project (as defined in the Act); that the City, in and by the Resolution, has validly made and entered into covenants and agreements with and for the benefit of the Owners from time to time of all Bonds issued thereunder, including covenants that it will pledge, appropriate and credit the Tax Increment to the Tax Increment Debt Service Account of the City; that Additional Bonds may be issued and made payable from the Tax Increment Debt Service Account on a parity with the Series 2015 Bonds upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Tax Increment, unless the lien thereof shall be expressly made subordinate to the lien of the Series 2015 Bonds on the Tax Increment; that all provisions for the security of the Owners of the Bonds as set forth in the Resolution will be punctually and faithfully performed as therein stipulated; and that the issuance of the Series 2015 Bonds does not cause the obligations of the City to exceed any constitutional or statutory limitation 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 City of Billings, Montana, by its City Council, has caused this Bond to be executed by the facsimile signatures of the Mayor, the City Finance Director and the City Clerk, and by a printed facsimile of the official seal of the City.

CITY OF BILLINGS, MONTANA

(Facsimile Signature)
MAYOR

(Facsimile Seal)

(Facsimile Signature)
CITY FINANCE DIRECTOR

(Facsimile Signature)
CITY CLERK

Dated:

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned herein.

U.S. BANK NATIONAL ASSOCIATION,
as Registrar, Transfer Agent, and
Paying Agent

By _____
Authorized Signature

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 entirety

under Uniform Gifts to

JT TEN -- as joint tenants
with right of
survivorship and
not as tenants in
common

Minor Act.....
(State)

Additional abbreviations may also be used.

ASSIGNMENT

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

Signature(s) must be guaranteed by an
"eligible guarantor institution" meeting
the requirements of the 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.

EXHIBIT B

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement") is made and executed between the City of Billings, Montana (the "City"), and U.S. Bank National Association, in Seattle, Washington (the "Agent"). The parties hereto recite and, in consideration of the mutual covenants and payments referred to and contained herein, covenant and agree as follows:

1. The City, in accordance with a resolution of its City Council adopted on May 11, 2015, sold its Tax Increment Urban Renewal Revenue Refunding Bonds (South Billings Boulevard Urban Renewal District), Series 2015, dated, as originally issued, as of the date hereof, in the aggregate principal amount of \$5,170,000 (the "Series 2015 Bonds") for the purpose of providing funds for the refunding, paying and redeeming of the City's Special Improvement District No. 1385 Refunding Bonds, Series 2013, dated, as originally issued, as of June 5, 2013 (the "Series 2013 Bonds"), with stated maturities in 2016 and thereafter, and outstanding in the aggregate principal amount of \$4,840,000 (the "Refunded Bonds"), funding a deposit to the reserve account for the Series 2015 Bonds and paying costs of issuance of the Series 2015 Bonds and the refunding of the Refunded Bonds, and has directed that the net proceeds of the Series 2015 Bonds (\$5,087,156.80, representing the par amount of the Series 2015 Bonds, less underwriter's compensation of \$56,870.00 and less a net original issue discount of \$25,973.20), be applied as follows: (i) \$4,679,324.00 to be deposited in the Escrow Account; (ii) \$63,395.30 to the payment of costs of issuance of the Series 2015 Bonds and the refunding of the Refunded Bonds; and (iii) \$344,437.50 to fund a deposit to the Reserve Account. The City has appropriated \$80,292.50 of the funds in the debt service account for the Series 2013 Bonds and \$160,676.00 of the funds in the debt service reserve account for the Series 2013 Bonds for deposit to the Escrow Account.

2. The Agent acknowledges receipt of the cash described in Section 1 hereof and agrees that it will hold such cash in a special segregated escrow account in the name of the City (the "Escrow Account"), and that it will remit from the Escrow Account to the paying agent of the Series 2013 Bonds the funds required for the payment of principal of and interest on the Refunded Bonds as shown on the attached Exhibit A (which is hereby incorporated herein and made a part hereof).

The Agent shall, not less than 30 days prior to July 1, 2015, provide notice of the redemption of the Refunded Bonds with stated maturities in the year 2016 and thereafter (in the form of Exhibit B hereto (which is incorporated herein and made a part hereof)), by first class mail, or by other means required by The Depository Trust Company, of New York, New York ("DTC"), to the registered owners of such Refunded Bonds at their addresses as they appear on the Bond Register, as required by Section 3.12 of the resolution of the City Council of the City adopted May 11, 2015, authorizing the issuance of the Series 2015 Bonds.

After provision for payment of all Refunded Bonds with interest accrued thereon, the Agent will remit any remaining funds in the Escrow Account to the City, which will hold said

cash in the Tax Increment Debt Service Account for the Series 2015 Bonds for application toward the payment of the interest to become due on the Series 2015 Bonds on January 1, 2016.

3. The City represents, based on a certification from Springsted Incorporated, financial advisor to the City, that the amount to be deposited by the City pursuant to this Agreement into the Escrow Account (i.e., \$4,920,292.50), is sufficient to pay the redemption price of the Refunded Bonds on July 1, 2015, as described in Exhibit A hereto, including all interest accrued thereon.

4. The City acknowledges that regulations of the Comptroller of the Currency grant the City the right to receive brokerage confirmations of the security transactions as they occur. The City specifically waives such notification to the extent permitted by law and will receive periodic cash transaction statements from the Agent which will detail all investment transactions.

5. In order to ensure continuing compliance with Section 148 of the Code and applicable Treasury Regulations, the Agent agrees that it will not reinvest any cash held in the Escrow Account. Said prohibition on reinvestment shall continue unless and until an opinion is received from nationally recognized bond counsel that reinvestments in general obligations of the United States or obligations the principal of and interest on which are guaranteed as to payment by the United States, as specified in said opinion, may be made in a manner consistent with said Section 148 and then existing Treasury Regulations.

6. The Agent also acknowledges receipt of a sum described in a letter agreement between the City and the Agent, as and for full compensation for all services to be performed by it as Agent under this Agreement, and the Agent expressly waives any lien upon or claim against the moneys and investments in the Escrow Account.

7. If at any time it shall appear to the Agent that the money in the Escrow Account will not be sufficient to make any payment due to the owners of any of the Refunded Bonds, the Agent shall immediately notify the City. Upon receipt of such notice, the City shall forthwith transmit to the Agent for deposit in the Escrow Account from moneys on hand and legally available therefor, such additional moneys as may be required to make any such payment.

8. On August 1, 2015, the Agent shall submit to the City a report covering all money it shall have received and all payments it shall have made or caused to be made hereunder. Such report shall also list the amount of money existing in the Escrow Account, if any, on such date.

9. It is recognized that title to the moneys held in the Escrow Account from time to time shall remain vested in the City but subject always to the prior charge and lien thereon of this Agreement and the use thereof required to be made by the provisions of this Agreement. The Agent shall hold all such money in the Escrow Account as a special trust fund and account separate and wholly segregated from all other funds of the Agent on deposit therein and shall never commingle such money with other money. It is understood and agreed that the responsibility of the Agent under this Agreement is limited to the safekeeping and segregation of the funds deposited with it in the Escrow Account and the collection of and accounting for any interest payable with respect thereto. Except as provided in Section 5 hereof, no withdrawals, transfers or investment or reinvestment shall be made of cash balances in the Escrow Account.

Cash balances shall be held by the Agent as cash balances as shown on the books and records of the Agent and shall not be reinvested or invested by the Agent except as provided in Section 5 hereof.

10. This Agreement is made by the City for the benefit of the owners of the Refunded Bonds and is not revocable by the City, and the funds deposited in the Escrow Account have been irrevocably appropriated for the payment and redemption of the Refunded Bonds and interest thereon, in accordance with this Agreement.

11. This Agreement shall be binding upon and shall inure to the benefit of the City and the Agent and their respective successors and assigns. In addition, this Agreement shall constitute a third-party beneficiary contract for the benefit of the owners of the Refunded Bonds. Said third-party beneficiaries shall be entitled to enforce performance and observance by the City and the Agent of the respective agreements and covenants herein contained as fully and completely as if said third-party beneficiaries were parties hereto. Any bank or trust company into which the Agent may be merged or with which it may be consolidated or any bank or trust company resulting from any merger or consolidation to which it shall be a party or any bank or trust company to which it may sell or transfer all or substantially all of its corporate trust business shall, if the City approves, be the successor agent hereunder without the execution of any additional document or the performance of any further act.

12. This Agreement may not be amended except to sever any clause herein deemed to be illegal or cure any ambiguity or correct or supplement any provision herein which may be inconsistent with any other provision; provided that the Agent shall determine that any such amendment shall not adversely affect the owners of the Refunded Bonds.

IN WITNESS WHEREOF the parties hereto have caused this Escrow Agreement to be duly executed by their duly authorized officers, as of the 20th day of May, 2015.

CITY OF BILLINGS, MONTANA

Mayor

Finance Director

City Clerk

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By _____
Its Vice President

(Signature page to Escrow Agreement, dated May 20, 2015,
with the City of Billings, Montana)

EXHIBIT A

\$5,170,000

Tax Increment Urban Renewal Revenue Refunding Bonds
(South Billings Boulevard Urban Renewal District), Series 2015
City of Billings, Montana

DEBT SERVICE SCHEDULE FOR
REFUNDED SERIES 2013 BONDS

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
07/01/2015	\$4,840,000.00	\$80,292.50	\$4,920,292.50

EXHIBIT B

NOTICE OF REDEMPTION

Special Improvement District No. 1385 Refunding Bonds, Series 2013
City of Billings, Montana

NOTICE IS HEREBY GIVEN that the City of Billings, Montana (the "City"), has called for redemption all of its Special Improvement District No. 1385 Refunding Bonds, Series 2013, dated, as originally issued, as of June 5, 2013, maturing on July 1 in the years and amounts and bearing interest and CUSIP numbers as set forth below:

<u>Maturity</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP</u> <u>Number</u>
2016	\$ 360,000	1.800%	090135BS2
2017	360,000	2.000	090135BT0
2018	360,000	2.350	090135BU7
2019	360,000	2.650	090135BV5
2021	725,000	3.050	090135BY9
2022	370,000	3.450	090135BZ6
2023	371,000	3.700	090135BX1
2025	760,000	4.000	090135CB8
2028	1,175,000	4.250	090135CE2

Such bonds have been called for redemption on July 1, 2015, and interest thereon will cease to accrue from and after said date. The redemption price is equal to the principal amount of the bonds plus interest accrued to the redemption date, without premium.

Holders of such bonds maturing in said years should surrender their bonds for payment to U.S. Bank National Association, of Seattle, Washington, as paying agent, for payment on July 1, 2015 at its operations center at 60 Livingston Avenue - Bond Drop Window, St. Paul, Minnesota 55107 or if by mail to P.O. Box 64111, St. Paul, Minnesota 55164-0111.

Important Notice:

We are required by law to withhold an applicable portion of the principal amount of your holdings redeemed unless we are provided with your social security number or federal employer identification number, properly certified. Accordingly, you are instructed to submit at the time of surrender of your bonds a W-9 Form which may be obtained at a bank or other financial institution.

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time the payment is made if the tax identification number is not properly certified.

The paying agent shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Redemption Notice. It is included solely for the convenience of the holders.

Interest on the bonds shall cease to accrue on July 1, 2015 and the holders thereof shall have no further rights with respect thereto except to receive the redemption price so deposited.

Dated: May 30, 2015.

BY ORDER OF THE CITY COUNCIL
OF THE CITY OF BILLINGS, MONTANA

/s/Patrick M. Weber
City Finance Director

U.S. BANK NATIONAL ASSOCIATION

By _____
Its _____