CERTIFICATE AS TO RESOLUTION

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 Resolution No. 96-17179, entitled: "RESOLUTION RELATING TO NURSING HOME REVENUE REFUNDING BONDS (PARKVIEW CONVALESCENT CARE PROJECT) SERIES 1996A AND TAXABLE SERIES 1996B; MAKING FINDINGS, AUTHORIZING THE SALE AND ISSUANCE OF THE BONDS AND ESTABLISHING THE SECURITY THEREFOR AND AUTHORIZING THE EXECUTION OF DOCUMENTS" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City at a meeting on November 25 1996, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

WITNESS my hand officially this 25 day of November, 1996.

Marita Herold

City Clerk

RESOLUTION NO. 96-17179

RESOLUTION RELATING TO NURSING HOME REVENUE REFUNDING BONDS (PARKVIEW CONVALESCENT CARE PROJECT) SERIES 1996A AND TAXABLE SERIES 1996B; MAKING FINDINGS, AUTHORIZING THE SALE AND ISSUANCE OF THE BONDS AND ESTABLISHING THE SECURITY THEREFOR AND AUTHORIZING THE EXECUTION OF DOCUMENTS

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

Section 1. Recitals.

1.01. The City is authorized by Montana Code Annotated, Title 90, Chapter 5, Part 1, as amended (the "Act"), to enter into agreements upon terms the governing body considers advantageous and not in conflict with the provisions of the Act to issue its revenue bonds and sell such bonds 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 commercial, manufacturing, agricultural or industrial enterprises, recreational or tourist facilities, multifamily housing, hospitals, long-term care facilities or medical facilities, or to refund bonds or notes issued under the Act. Such revenue bonds 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 so issued by the City shall be limited obligations of the City, and the bonds 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. Pursuant to the authority cited in Section 1.01, the City issued its Nursing Home Revenue Bonds (Parkview Convalescent Care Project), Series 1986A and Series 1986B, each dated, as originally issued, as of December 1, 1986, in the original aggregate principal amount of $3,815,000, of which $3,410,000 in principal amount are currently outstanding (the "Refunded Bonds"), to finance on behalf of Parkview Convalescent Care, a joint venture organized and existing under the laws of the State of Montana, which has been succeeded by Parkview Convalescent Care, LLP, a limited liability partnership organized and existing under the laws of the State of Montana (the "Obligor"), the acquisition of land and the construction and equipping of a building thereon for use as a 100-licensed bed nursing home facility (collectively, the "Facility").

1.03. Representatives of the Obligor have proposed that the City, acting under and pursuant to the Act, issue and sell to Dougherty Dawkins, Inc., of Minneapolis, Minnesota (the "Underwriter"), its revenue bonds, in two series (the "Bonds"), for the purpose of providing funds which, with available funds of the Obligor, will be used to refund the Refunded Bonds, to establish a debt service reserve fund for the Bonds and pay costs of issuance of the Bonds and of the refunding. Pursuant to the proposal, the proceeds of the Bonds would be loaned to the Obligor pursuant to a Loan Agreement between the City and the Obligor (the "Loan Agreement"); the Obligor would agree to apply the proceeds, and other available funds, to redeem the Refunded Bonds on January 1, 1997, and to repay the loan of such proceeds 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 Bonds; the City would pledge and assign to First Trust Company of Montana National Association, in Billings, Montana, as trustee (the "Trustee"), pursuant to an Indenture of Trust (the "Indenture"), certain of the City's interests in and to the Loan Agreement including all loan repayments thereunder (but excluding the rights of the City to reimbursement of expenses and to indemnification), to secure the full and prompt payment of the principal of, premium, if any, and interest on the Bonds; and the payment of the principal of, premium, if any, and interest on the Bonds would be further secured by a mortgage lien and security interest which extend to the Facility pursuant to a Trust Indenture and Security Agreement (the "Trust Indenture") executed by the Obligor, as grantor, to a trustee thereunder, for the benefit of the Trustee, and by a Guaranty Agreement to be executed by Bill McLain and Anne McLain, the current partners of the Obligor, in favor of the Trustee (the "Guaranty"). It is further proposed that the City would subordinate its mortgage loan to the Obligor for purchase of the site of the Facility, as it did in respect of the Refunded Bonds, to the mortgage lien and security interests granted by the Obligor under the Trust Indenture securing the Bonds.

The Bonds would be special, limited obligations of the City payable solely from and secured by the payments to be made by the Obligor under the Loan Agreement and by the Trust Indenture and the Guaranty and would not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

1.04. Draft forms of the following documents relating to the Bonds 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 Indenture;

(c) the Trust Indenture;

(d) the Guaranty;

(e) an Official Statement (the "Official Statement"), in the form of a Preliminary Official Statement (the "Preliminary Official Statement"), to be used in connection with the offer and sale of the Bonds by the Underwriter;

(f) a Bond Purchase Agreement (the "Bond Purchase Agreement") to be entered into by the City, the Obligor and the Underwriter; and

(g) a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") to be entered into by the Obligor and the Trustee, as agent.

Section 2. Findings.

It is hereby found, determined and declared that:

(a) Based on representations of the Obligor, the Facility comprises real and personal properties which are suitable for use in connection with a long-term care facility as contemplated by the Act.

(b) The refinancing of the Project, the issuance and sale of the Bonds, the execution and delivery of the Loan Agreement, the Indenture and the Bond Purchase Agreement and the performance of all covenants and agreements of the City contained in the Loan Agreement, the Indenture and the Bond Purchase Agreement and all other acts and things required under the Constitution and laws of the State of Montana and the home rule charter of the City to make the Loan Agreement, the Indenture, the Bond Purchase Agreement and the Bonds 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 Refunded Bonds and the financing of the Project by the City were and are in the public interest of the City and its citizens.

(d) It is desirable that the Bonds be issued by the City upon the terms set forth in this resolution and the Indenture, under the provisions of which certain of the City's interests in the Loan Agreement and its interests in all loan repayments thereunder will be assigned and pledged to the Trustee as security for the payment of principal of, interest and redemption premiums on the Bonds.

(e) The loan repayments and other amounts to be paid by the Obligor under the Loan Agreement are calculated to be sufficient (1) to pay the total principal of, premium, if any, and interest on the Bonds when due, (2) to pay any taxes on the Facility, which Facility during the term of the Loan Agreement shall be subject to taxation to the same extent, in the same manner, and under the 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 Bonds; and the Loan Agreement also provides that the Obligor are required to pay or cause to be paid all expenses of 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 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 Underwriter, no reserves are deemed advisable in connection with the Facility or the Bonds, except for the Reserve Fund to be established under the Indenture.

(g) Under the provisions of Montana Code Annotated, Sections 90-5-103 and 90-5-105, and as provided in the Loan Agreement, the Indenture and the Bonds, the Bonds are special, limited obligations of the City payable solely from loan repayments made by the Obligor (except to the extent payable from amounts realized from enforcement of the Trust Indenture or the Guaranty) and do not constitute a pecuniary liability of the City or a charge against its general credit or taxing powers.

Section 3. Authorization and Approval of the Loan Agreement, Indenture and Bond Purchase Agreement. The City is hereby authorized to issue the Bonds to provide funds, to be used, with other available funds, to refund the Refunded Bonds, to establish a debt service reserve fund for the Bonds and pay costs of issuance of the Bonds and of the refunding, and to pledge and assign the Loan Agreement and the loan repayments due thereunder, all as provided in the Loan Agreement and the Indenture. It is acknowledged that the purchase price of the Bonds, the principal amount of the Bonds, the initial reoffering prices of the Bonds, the maturity schedule of the Bonds, the provisions for redemption of the Bonds and the interest rates on the Bonds have not been determined as of the date of adoption of this resolution and are not reflected in the Indenture, the Loan Agreement, the Trust Indenture, the Guaranty or the Bond Purchase Agreement. The Mayor or, in the event of his absence or disability, the Director of Finance is hereby authorized to approve: (1) the purchase price of the Bonds; provided that the purchase price is not less than 98% of the principal amount of the Bonds (exclusive of original issue discount) and the total compensation payable to the Underwriter, including any discount (exclusive of original issue discount), does not exceed 3.5% of the principal amount of the Bonds; (2) the principal amount of the Bonds; provided that the principal amount of the Series 1996A Bonds (as hereinafter defined) is not in excess of the outstanding principal amount of the Refunded Bonds, which amount is currently $3,410,000, and the principal amount of the Series 1996B Bonds (as hereinafter defined) is not in excess of $250,000; (3) the initial reoffering prices of the Bonds; provided that the Bonds shall be sold to the ultimate investors with an original issue discount of not more than 5%, if any, of the principal amount payable thereon at maturity; (4) the maturity schedule of the Bonds; provided that the Bonds mature at any time or times in such amount or amounts no later than January 1, 2015; (5) the provisions for redemption of the Bonds; and (6) the interest rates on the Bonds; provided that the weighted average interest rate on the Bonds shall not exceed eight percent (8.00%) per annum. The approval of such officer of the terms of the Bonds shall be conclusively presumed by the execution of the Bond Purchase Agreement by authorized officers of the City.

The forms of the Loan Agreement, the Indenture, the Trust Indenture, the Guaranty, the Bond Purchase Agreement and the Bonds referred to in Section 1.04 are approved, subject to such modifications as are deemed appropriate and approved by the City Attorney and the Mayor, within the limitations provided in the immediately preceding paragraph, which approval shall be conclusively evidenced by execution of the Loan Agreement, the Indenture and the Bond Purchase Agreement by the Mayor and the City Clerk. The Bond Purchase Agreement as so approved is directed to be executed forthwith in the name and on behalf of the City by the Mayor and the City Clerk following the execution thereof by the Obligor and the Underwriter. The Loan Agreement as so approved is directed to be executed in the name and on behalf of the City by the Mayor and City Clerk and delivered to the Trustee upon execution thereof by the Obligor. The Indenture as so approved is directed to be executed in the name and on behalf of the City by the Mayor and the City Clerk. Copies of all the documents shall be delivered, filed or recorded as provided therein. The Mayor and the City Clerk are also authorized and directed to execute such other instruments as may be required to give effect to the transactions herein contemplated, including, if necessary, a subordination agreement subordinating the liens securing the City's outstanding loan to the Obligor for the purchase of the site of the Facility in the original principal amount of $278,459 to the liens of the Trust Indenture securing the Bonds.

Section 4. Official Statement. The City hereby consents to the use of the Preliminary Official Statement by the Underwriter in connection with the offer and sale of the Bonds to potential investors, and consents to the preparation and use of a final Official Statement, in substantially the form of the Preliminary Official Statement; provided, however, that the City has not reviewed the Preliminary Official Statement and takes no responsibility for, and makes no representations or warranties as to the accuracy or completeness of the information contained therein, or in the final Official Statement. The determination of the Director of Finance that the Preliminary Official Statement is deemed "final" as of its date for purposes of SEC Rule 15c2-12 is hereby ratified and confirmed.

Section 5. The Bonds.

5.01. In anticipation of the receipt of the loan repayments from the Obligor, the City shall proceed forthwith to issue its Bonds in two series to be designated "Nursing Home Revenue Refunding Bonds (Parkview Convalescent Care Project), Series 1996A" (the "Series 1996A Bonds") and "Nursing Home Revenue Refunding Bonds (Parkview Convalescent Care Project), Taxable Series 1996B" (the "Series 1996B Bonds"), in the form and upon the terms set forth in the Indenture or established pursuant to this resolution.

5.02. The Mayor, the Director of Finance and City Clerk are authorized and directed to prepare and execute the Bonds as prescribed herein and in the Indenture and to deliver them to the Trustee, together with a certified copy of this resolution, the other documents required in the Indenture, and such other certificates, documents and instruments as may be appropriate to effect the transactions herein contemplated.

Section 6. Modifications, Absence of Officers. The approval hereby given to the various documents referred to above includes an approval of such modifications thereto, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the Mayor and the City Attorney. The execution of any instrument by the appropriate officer or officers of the City herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. 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.

Section 7. Authentication of Proceedings. The Mayor, the Director of Finance and Administrative Services and the City Clerk and other officers of the City are authorized and directed to furnish to the Trustee, the Underwriter and bond counsel certified copies of all proceedings and records of the City relating to the Bonds, and such other affidavits and certificates as may be required to show the facts relating to the legality and marketability of the Bonds 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 8. Fee. The Obligor shall pay to the City for the costs and expenses it has incurred and will incur in connection with the issuance of the Bonds a fee equal to 0.2% of the principal amount of the Bonds, payable on the date of issuance of the Bonds.

Section 9. 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 25 day of November, 1996.

Charles F. Tooley
Mayor

Attest:

Marita Herold
City Clerk

Reviewed as to form:

James L. Tillotson
City Attorney