

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Billings, Montana (the "City"), hereby certify that the attached resolution is a true copy of the resolution, entitled: "RESOLUTION RELATING TO TAX INCREMENT URBAN RENEWAL REVENUE REFUNDING BONDS, SERIES 2002, IN THE ESTIMATED AGGREGATE PRINCIPAL AMOUNT OF \$7,135,000; AUTHORIZING THE ISSUANCE AND CALLING FOR THE PUBLIC SALE THEREOF" (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 regular meeting on November 25, 2002, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Council Members voted in favor thereof: Dave Brown, Larry Brewster, Jan Iverson, Mark Kennedy, Michael Larson, Donald Jones, Shirley Girard McDermott, Doris Swords Poppler, Mick Ohnstad and Peggy Gaghen; voted against the same: none; abstained from voting thereon: none; or were absent: none.

WITNESS my hand officially this 25th day of November, 2002.

City Clerk

(SEAL)

RESOLUTION NO. 02-17927

RESOLUTION RELATING TO TAX INCREMENT URBAN RENEWAL REVENUE REFUNDING BONDS, SERIES 2002, IN THE ESTIMATED AGGREGATE PRINCIPAL AMOUNT OF \$7,135,000; AUTHORIZING THE ISSUANCE AND CALLING FOR THE PUBLIC SALE THEREOF

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

Section 1. Authorization and Recitals.

1.01 Under the provisions of Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the "Act"), the City is authorized to create urban renewal areas, prepare and adopt a redevelopment plan therefor and amendments thereto, undertake urban renewal projects therein, provide for the segregation and collection of tax increment with respect to taxes collected in such areas, issue its bonds to pay the costs of such projects and to refund bonds previously issued under the Act and pledge to the repayment of the bonds the tax increment and other revenues derived from projects undertaken within the urban renewal area. Pursuant to this authorization, and Resolution No. 12937, adopted on February 26, 1979, as amended and supplemented by Resolution Nos. 84-14621, 87-15853, 88-15986, 92-16546, 93-16754, and 95-17051 (as so amended and supplemented, the "Resolution"), the City issued and sold its tax increment urban renewal bonds of the City denominated "Tax Increment Urban Renewal Bonds, Refunding Series 1992," in the original aggregate principal amount of \$7,930,000 (the "Series 1992 Bonds"), to refund the then outstanding Tax Increment Urban Renewal Bonds, Series 1987A, maturing in 1999 and 2008; its tax increment urban renewal refunding bonds of the City denominated "Tax Increment Urban Renewal Refunding Bonds, Series 1993A," in the original principal amount of \$4,820,000 (the "Series 1993A Bonds"), to refund the then outstanding Tax Increment Urban Renewal Bonds, Series 1979, and the Tax Increment Urban Renewal Bonds, Refunding Series 1988A; its tax increment urban renewal bonds of the City denominated "Tax Increment Urban Renewal Refunding Bonds, Series 1993B," in the original principal amount of \$980,000 (the "Series 1993B Bonds"), to refund the then outstanding Tax Increment Urban Renewal Bonds, Series 1979, and the Tax Increment Urban Renewal Bonds, Refunding Series 1988A; and its tax increment urban renewal bonds of the City denominated "Tax Increment Urban Renewal Bonds, Series 1995A," in the original principal amount of \$1,600,000 (the "Series 1995A Bonds"). The Series 1992 Bonds, Series 1993A Bonds, Series 1993B Bonds, and Series 1995A Bonds are currently outstanding in the aggregate principal amounts of \$5,365,000, \$1,120,000, \$215,000, and \$1,600,000, respectively (collectively, the "Refunded Bonds").

1.02 Pursuant to the Act and the Resolution, the City reserved the right to issue refunding bonds for the purpose of redeeming outstanding bonds. The Series 1992 Bonds with stated maturities in 2004 and later years are subject to redemption on March 1, 2003, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the date of redemption, and at a premium equal to one-half of one percent (0.50%) of the aggregate principal amount of the Series 1992 Bonds to be redeemed. The Series 1993A Bonds and the Series 1993B Bonds with a stated maturity in 2004 are subject to redemption on March 1, 2003, at a redemption price equal to the principal amount thereof to be redeemed plus

interest accrued to the date of redemption, without premium. The Series 1995A Bonds with stated maturities in 2007 and later years are subject to redemption on March 1, 2006 at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the date of redemption, without premium. The City desires to refund all of the Refunded Bonds such that all of the presently outstanding bonds payable from the Tax Increment (as defined in the Resolution) derived from the Downtown Redevelopment District created pursuant to Resolution No. 12107 (the “District”) shall be defeased under the Resolution, to achieve debt service savings and to release certain reserve funds securing the Refunded Bonds under the Resolution. Based on an analysis provided to the City by Springsted Incorporated, financial consultant to the City (the “Financial Consultant”), assuming the Series 2002 Bonds are issued in the aggregate principal amount of \$7,135,000, an estimated net present value savings, using a discount rate of 2.99% (an estimated yield of the Series 2002 Bonds), of \$522,105.91, or 6.30% of the aggregate principal amount of the Refunded Bonds, could be achieved by refunding the Refunded Bonds. As a result of defeasance and discharge of the Refunded Bonds, amounts in the Supplemental Reserve Fund in the amount of \$1,202,989 are expected to be able to be disbursed to the City for application toward qualifying urban renewal projects in the District.

Section 2. Sale of Series 2002 Bonds. Based on the findings in Section 1 hereof, the City hereby determines it is in the best interests of the City to proceed with the issuance of bonds to provide funds to be used with other available funds of the District to refund the Refunded Bonds. Such refunding bonds shall be denominated “Tax Increment Urban Renewal Revenue Refunding Bonds, Series 2002” (the “Series 2002 Bonds”) and shall be issued in the estimated aggregate principal amount of \$7,135,000. Pursuant to Montana Code Annotated, Section 7-15-4322(2), as amended, this Council determines that it would be in the best interests of the City to sell the Series 2002 Bonds at a public, competitive sale.

Section 3. Terms of the Series 2002 Bonds. Pursuant to the authority described in Section 1, this Council hereby authorizes the issuance and sale of the Series 2002 Bonds of the City in the estimated aggregate principal amount of \$7,135,000, subject to adjustment as provided in the Official Terms and Conditions (as hereinafter defined), for the purpose of providing funds to be used, with other available funds, to refund the Refunded Bonds. The Series 2002 Bonds shall be dated, as originally issued, as of December 1, 2002, and shall bear interest payable semiannually on March 1 and September 1 of each year, commencing September 1, 2003, at a rate or rates designated by the successful bidder at public sale and approved by this Council. The Series 2002 Bonds shall be offered and sold in accordance with the terms and conditions of sale substantially in the form attached as Exhibit A hereto (the “Official Terms and Conditions”), which is hereby incorporated by reference and made a part hereof.

The Series 2002 Bonds shall be in the denomination of \$5,000 each or any integral multiple thereof of single maturities and shall mature, without option of redemption (but subject to mandatory sinking fund redemption should term bonds form all or a part of the successful bidder’s bid), on March 1 in each of the following years and amounts, subject to adjustment as provided in the Official Terms and Conditions):

<u>Year</u>	<u>Amount</u>
2004	\$1,335,000
2005	1,390,000
2006	1,425,000
2007	1,470,000
2008	1,515,000

Maturities of the Series 2002 Bonds may be aggregated and issued as term bonds, subject to the provisions of the Official Terms and Conditions. The Series 2002 Bonds shall be issuable only as fully registered bonds and shall be executed by the manual or facsimile signatures of the Mayor, Director of Finance and the City Clerk.

Section 4. Public Sale. Bids for the purchase of the Series 2002 Bonds shall be considered at a regular meeting of this Council on December 9, 2002 at 6:30 P.M., M.T. The City will receive sealed bids for the Series 2002 Bonds in accordance with the Official Terms and Conditions. The City Clerk is hereby authorized and directed to cause notice of the sale to be published in *The Billings Gazette* and *The Billings Times*, Billings, Montana, at least once a week for two successive weeks preceding the date of sale. The notice of sale shall be in substantially the form set forth as Exhibit B to this resolution, which is hereby incorporated herein and made a part hereof.

Section 5. Preliminary Official Statement. The Director of Finance and other officers of the City, in cooperation with the Financial Consultant, are hereby authorized and directed to prepare on behalf of the City a preliminary official statement to be distributed to potential purchasers of the Series 2002 Bonds. Such preliminary official statement shall contain the Official Terms and Conditions and such other information as shall be advisable and necessary to describe accurately the City and the security for, and terms and conditions of, the Series 2002 Bonds. The Director of Finance is authorized on behalf of the City to deem the preliminary official statement “near final” as of its date, in accordance with Rule 15c2-12(b)(1) promulgated under the Securities Exchange Act of 1934 (the “Rule”).

Section 6. Continuing Disclosure. In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of 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 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 Tax Increment Fund of the City is the only “obligated person” in respect of the 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 Bonds. Neither the City nor the Tax Increment Fund has defaulted in any material respect in any undertaking previously entered into by the City under the Rule.

Adopted by the City Council of the City of Billings, Montana, on this 9th day of December, 2002.

Mayor

Attest:

City Clerk

EXHIBIT A
TERMS AND CONDITIONS OF SALE

Tax Increment Urban Renewal Revenue Refunding Bonds, Series 2002
City of Billings, Montana

NOTICE IS HEREBY GIVEN by the City Council (the "Council") of the City of Billings, Montana (the "City"), that the City will sell to the best bidder for cash, submitted on sealed bids, the above-described bonds (the "Bonds"). Sealed bids for the purchase of the Bonds will be received until 11:00 A.M., M.T., on Monday, December 9, 2002, in the City Clerk's office, 1st Floor of Park III, at 210 North 27th Street, Billings, Montana, at which time the bids will be opened and tabulated. The City Council of the City will meet at its regular meeting at 6:30 P.M. on the same day in the Council Chambers, 2nd Floor of the Police Facility, 220 North 27th Street, Billings, Montana, to consider the bids and to award the sale of the Bonds to the responsive bidder whose bid reflects the lowest true interest cost ("TIC"), as calculated by the City's Financial Advisor and before adjustment of the principal amount and maturity schedule of the Bonds as hereinafter provided.

PURPOSE AND SECURITY

The Bonds will be issued for the purpose of providing funds to be used, with other available funds of the City, to refund the City's outstanding Tax Increment Urban Renewal Bonds, Refunding Series 1992, Tax Increment Urban Renewal Refunding Bonds, Series 1993A, Tax Increment Urban Renewal Refunding Bonds, Series 1993B, and Tax Increment Urban Renewal Bonds, Series 1995A (collectively, the "Refunded Bonds"), and paying costs associated with the sale and issuance of the Bonds, in accordance with the provisions of Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended. The Bonds are payable solely from and are secured, equally and ratably, with other tax increment urban renewal bonds that may be issued in the future as parity bonds, by a first lien upon and pledge of the tax increment derived from the urban renewal area in the City known as the Downtown Redevelopment District, which will be irrevocably pledged and appropriated by the City to the payment of the Bonds. Upon the issuance of the Bonds, the Bonds will be the only bonds outstanding payable from the Tax Increment from the District. The Bonds do not constitute general obligations of the City or a pledge of other taxing power or the general credit of the City or any other taxing jurisdiction.

THE BONDS

The Bonds will bear an original issue date of December 1, 2002, and will bear interest payable semiannually on March 1 and September 1 of each year, commencing September 1, 2003, to the registered owners of the Bonds as such appear in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month, at a rate or rates designated by the successful bidder at public sale and approved by the Council. Each rate must be expressed in an integral multiple of 1/8 or 5/100 of 1%. No supplemental or "B" coupons or additional interest certificates are permitted. All Bonds of the same stated maturity must bear interest from date of original issue until paid at a single, uniform rate. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds shall mature, without option of redemption (but subject to mandatory sinking fund redemption should term bonds form all or a part of the successful bidder's bid), on March 1 in each of the following years and amounts:

<u>Year</u>	<u>Amount</u>
2004	\$1,335,000
2005	1,390,000
2006	1,425,000
2007	1,470,000
2008	1,515,000

The City reserves the right, after bids are opened and prior to award, to increase or reduce the aggregate principal amount of the Bonds and to increase or reduce the principal amount of Bonds that mature in any year; provided that the aggregate principal amount of the Bonds shall not exceed \$7,500,000. Any such increase or reduction will be made in a multiple of \$5,000 as to any stated maturity.

Bids for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds, provided that no serial bond may mature on or after the first mandatory sinking fund redemption date of any term bond, or for term bonds exclusively. All term bonds shall be subject to mandatory sinking fund redemption at the times and in the amounts determined by the City and must conform to the maturity schedule set forth above (as such may be subject to adjustment as provided above) at a price of par plus accrued interest to the date of redemption, without premium. In order to designate term bonds, the proposal must specify "Last Year of Serial Maturities" and "Years of Term Maturities" in the space provided on the Bid Form.

The Bonds will be issued as fully registered bonds only and shall be executed by the manual or facsimile signatures of the Mayor, Director of Finance and the City Clerk.

CONTINUING DISCLOSURE

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the 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 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 Tax Increment Fund of the City is the only "obligated person" in respect of the 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 Bonds. Neither the City nor the Tax Increment Fund has defaulted in any material respect in any undertaking previously entered into by the City under the Rule.

BIDDING AND SALE PROCEDURES

Submission of Bids. Bids must be on the Official Bid form, a copy of which may be obtained from the Financial Advisor and enclosed in a sealed envelope marked as follows: "Bid for Tax Increment Urban Renewal Revenue Refunding Bonds, Series 2002, in the estimated principal amount of \$7,135,000, The City of Billings, Montana" and delivered to the City Clerk. Each envelope when delivered must indicate on the outside the name and address of the bidder, or in the case of a group of bidders, of the representative.

Basis of Award. The Bonds will be sold for not less than \$7,088,623 (99.35% of par) with accrued interest to the date of delivery, and all bidders must state the lowest rate or rates of interest at which they will purchase the Bonds at par. In the event the principal amount of the Bonds is adjusted, any premium offered or discount taken by the successful bidder will be increased or reduced by a percentage equal to the percentage by which the principal amount of the Bonds is increased or reduced. Bids will be compared on the basis of true interest cost ("TIC"). The TIC is the effective cost of the Bonds based on bond proceeds received at closing calculated from the dated date of the Bonds, calculated before any adjustment of the principal amount of the Bonds or the principal amounts of any stated maturities thereof. In the event that two or more bids state the lowest true interest cost, the sale of the Bonds will be awarded by lot. The Council will accept sealed or faxed bids only. The Council reserves the right to reject any and all bids and to sell the Bonds at private sale and to waive any informality and irregularity in any and all bids. Bidders must bid for all or none of the Bonds. Each bid must be unconditional (or conditioned on only those items specified in these Official Terms and Conditions of Sale). No bid may be altered or withdrawn after the time specified above for opening bids without the express consent of the Council.

Good Faith Deposit. A good faith deposit (the "Deposit") in the form of money, cashier's check, certified check, bank money order, or bank draft drawn and issued by a federally chartered or state chartered bank insured by the Federal Deposit Insurance Corporation or a financial surety bond in the sum of \$142,700 payable to the order of the City of Billings, Montana is required for each bid to be considered. If money, cashier's check, certified check, bank money order, or bank draft is used, it must accompany each bid and be delivered to the City Clerk. If a financial surety bond is used, it must be from an insurance company licensed and qualified to issue such a bond in the State of Montana and such bond must be submitted to the City Clerk, or its financial advisor prior to the opening of the bids. The financial surety bond must identify each bidder whose Deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then that purchaser is required to submit its Deposit to the City in the form of a cashier's check (or wire transfer such amount as instructed by the City or its financial advisor) not later than 1:00 P.M., M.T., on the next business day following the award. If such Deposit is not received by that time, the financial surety bond may be drawn by the City to satisfy the Deposit requirement. No interest on the Deposit will accrue to the purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the purchaser fails to honor its accepted bid, the Deposit will be retained by the City. The Deposit of the unsuccessful bidders will be returned immediately on award of sale of the Bonds or after rejection of all bids.

Instructions for wiring a Deposit may be obtained from the City's Financial Advisor, Springsted Incorporated, 85 East 11th Place, Suite 100, St. Paul, Minnesota, 55101, (651) 223-3068.

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

The City will designate and contract with a suitable bank or trust company to act as bond registrar, transfer agent and paying agent (the "Registrar"). The bond register will be kept, transfers of ownership will be effected and principal of and interest on the Bonds will be paid by the Registrar. The City will pay the charges of the Registrar for such services. The City reserves the right to remove the Registrar and to appoint a successor.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exclusion from gross income for federal and Montana income tax purposes of the interest thereon will be furnished by Dorsey & Whitney LLP, of Missoula, Montana, and Minneapolis, Minnesota, as Bond Counsel. The legal opinion will be delivered at the time of closing. The legal opinion will state that the Bonds are valid and binding special, limited obligations of the City enforceable in accordance with their terms, except to the extent to which enforceability thereof may be limited by the exercise of judicial discretion or by state or federal laws relating to bankruptcy, reorganization, moratorium or creditors' rights.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will be designated by the City as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and financial institutions described in Section 265(b)(5) of the Code may treat the Bonds for purposes of Sections 265(b)(2) and 291(e)(1)(B) of the Code as if they were acquired on August 7, 1986.

DELIVERY

Within 25 days after the sale, the City will deliver to the Registrar the printed Bonds ready for completion and authentication and the Registrar will deliver the Bonds the successful bidder through the facilities of The Depository Trust Company. On the day of closing, the City will furnish to the purchaser the opinion of Bond Counsel described above, an arbitrage certification and a certificate stating that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City in immediately available funds at its designated depository on the day of closing. The successful bidder shall submit to the City Clerk not earlier than 48 hours after the award of sale and not later than the date of closing a certificate, in form satisfactory to Bond Counsel, as to the initial reoffering prices of each stated maturity of the Bonds and stating that at least ten percent of the principal amount of the Bonds of each stated maturity has been sold at such prices.

SECURITIES DEPOSITORY

The Bonds will be issued initially to The Depository Trust Company, New York, New York ("DTC"), as securities depository, and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof of a single maturity, will be effected under the "book-entry system" of DTC, with transfer of ownership effected on the records of DTC and its participants, pursuant to rules and procedures established by DTC and its participants. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid, in immediately available funds, directly to DTC or its nominee as registered owner of the Bonds. Transfer of principal of and interest payment to Beneficial Owners by DTC participants will be the responsibility of such participants and other nominee of Beneficial Owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

OFFICIAL STATEMENT

The City will prepare an Official Statement relating to the Bonds within seven business days after the award of sale. The City will deliver, at closing, a certificate executed by the Mayor, Director of Finance and the City Clerk to the effect that, to the best of their knowledge, as of the date of closing, the information contained in the Official Statement, including any supplement thereto, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading; provided that no comment will be made with respect to any information provided by the successful bidder for inclusion in any supplement to the Official Statement.

By submitting a bid for the Bonds, the successful bidder agrees: (1) to disseminate to all members of the underwriting syndicate copies of the Official Statement, including any supplements prepared by the City, (2) to file promptly a copy of the Official Statement, including any supplement prepared by the City, with a nationally recognized municipal securities repository, and (3) to take any and all other actions necessary to comply with applicable rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board governing the offering, sale and delivery of the Bonds to ultimate purchasers.

Within seven business days after the sale the City will furnish to the successful bidder without charge 65 copies of the final Official Statement relating to the Bonds. The successful bidder must notify the Director of Finance in writing within two business days after the award of sale of the Bonds if it requires additional copies of the Official Statement. The cost of additional copies shall be paid by the successful bidder.

COSTS; CUSIP NUMBERS

The City will pay for the cost of bond counsel opinion, printing of the bonds and the fees and charges of the Registrar. The City will apply for CUSIP numbers but will assume no cost or obligation for the printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon.

Dated: November 25, 2002.

BY ORDER OF THE CITY COUNCIL

City Clerk

EXHIBIT B

NOTICE OF BOND SALE

Tax Increment Urban Renewal Revenue Refunding Bonds, Series 2002 City of Billings, Montana

NOTICE IS HEREBY GIVEN that the City Council (the "Council") of the City of Billings, Montana (the "City"), will receive sealed bids for the purchase of Tax Increment Urban Renewal Revenue Refunding Bonds, Series 2002, in the aggregate principal amount of \$7,135,000, subject to adjustment as hereinafter provided (the "Bonds"). Sealed bids for the purchase of the Bonds will be received until 11:00 A.M., M.T., on Monday, December 9, 2002, in the City Clerk's office, 1st Floor of Park III, at 210 North 27th Street, Billings, Montana, at which time the bids will be opened and tabulated. The City Council of the City will meet at its regular meeting at 6:30 P.M. on the same day in the Council Chambers, 2nd Floor of the Police Facility, 220 North 27th Street, Billings, Montana, to consider the bids and to award the sale of the Bonds to the responsive bidder whose bid reflects the lowest true interest cost ("TIC"), calculated before any adjustment in the principal amount of the Bonds or any stated maturity thereof.

The Bonds are being issued for the purpose of refunding in advance of their stated maturities the City's outstanding City's Tax Increment Urban Renewal Bonds, Refunding Series 1992, Tax Increment Urban Renewal Refunding Bonds, Series 1993A, Tax Increment Urban Renewal Refunding Bonds, Series 1993B, Tax Increment Urban Renewal Bonds, Series 1995A, (collectively, the "Refunded Bonds"), and to pay costs of issuance of the Bonds. The Bonds shall mature March 1, without option of redemption (but subject to mandatory sinking fund redemption should term bonds form all or a part of the successful bidder's bid), in the following years and amounts, subject to adjustment as provided in the Official Terms and Conditions of Sale:

<u>Year</u>	<u>Amount</u>
2004	\$1,335,000
2005	1,390,000
2006	1,425,000
2007	1,470,000
2008	1,515,000

Bids for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds, provided that no serial bond may mature on or after the first mandatory sinking fund redemption date of any term bond, or for term bonds exclusively. All term bonds shall be subject to mandatory sinking fund redemption at the times and in the amounts determined by the City and must conform to the maturity schedule set forth above (as such may be adjusted pursuant to the Official Terms and Conditions of Sale) at a price of par plus accrued interest to the date of redemption, without premium. In order to designate term bonds, the proposal must specify "Last Year of Serial Maturities" and "Years of Term Maturities" in the space provided on the Bid Form.

The Bonds will bear an original issue date of December 1, 2002, and will bear interest payable semiannually on March 1 and September 1 of each year, commencing September 1, 2003, to the registered owners of the Bonds as such appear in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest rates shall be expressed in integral multiples of 5/100th or 1/8 of 1%. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No supplemental or "B" coupons or additional interest certificates are permitted.

The City will designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Bonds will be sold for not less than \$7,088,623 (99.35% of par) with accrued interest on the principal amount of the Bonds to the date of their delivery, and all bidders must state the lowest rate or rates of interest at which they will purchase the Bonds at par. In the event the principal amount of the Bonds is adjusted, any premium offered or discount taken by the successful bidder will be increased or reduced by a percentage equal to the percentage by which the principal amount of the Bonds is increased or reduced. The Council reserves the right to reject any and all bids, to waive any informality in any bid, and to sell the Bonds at private sale.

A good faith deposit in the form of money, cashier's check, certified check, bank money order, or bank draft drawn and issued by a federally chartered or state chartered bank insured by the Federal Deposit Insurance Corporation or a financial surety bond in the sum of 2% of the amount payable (such sum, \$142,700) to the order of the City is required for each bid to be considered, as further specified in the Official Terms and Conditions of Sale.

Copies of the Official Terms and Conditions of Sale and additional information may be obtained from Springsted Incorporated, 85 East 11th Place, Suite 100, St. Paul, Minnesota, 55101, (651) 223-3068, financial advisor to the City. Prospective bidders should consult the Official Terms and Conditions of Sale and the Preliminary Official Statement for a detailed description of the Bonds, the security therefor, and the form of legal opinion proposed to be rendered by Dorsey & Whitney LLP, of Missoula, Montana, as bond counsel.

Dated: November 25, 2002.

BY ORDER OF THE CITY COUNCIL

City Clerk

Publish: November 27, 2002
December 2, 2002