

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 a Resolution entitled: "RESOLUTION RELATING TO A LEASE-PURCHASE FINANCING; APPROVING THE TERMS AND CONDITIONS OF THE FINANCING AND AUTHORIZING THE EXECUTION OF DOCUMENTATION RELATING THERETO" (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 February 24, 2003, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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: _____

_____;

voted against the same: _____; abstained from voting thereon: _____; or were absent: _____.

WITNESS my hand and seal officially this ____ day of February, 2003.

(SEAL)

City Clerk

RESOLUTION NO. **03-17960**

RESOLUTION RELATING TO A LEASE-PURCHASE
FINANCING; APPROVING THE TERMS AND
CONDITIONS OF THE FINANCING AND AUTHORIZING
THE EXECUTION OF DOCUMENTATION RELATING
THERETO

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

Section 1. Authorization.

1.01. This Council has previously determined to construct a Public Services Facilities building which would provide office, maintenance, and storage space for its Street Division, Solid Waste Division, Centralized Motor Pool, Animal Control Department, Parks and Recreation Department, and Public Safety Vehicles (the "Project"). The land upon which the Project is to be located is owned by the City. The cost of the Project is expected to be approximately \$13,230,000. The City has available and plans to use the following sources of funds for the Project:

Proceeds from Sale of Existing Facility	\$4,000,000
Economic Development Agency Tax Grant	\$1,200,000
Cash on Hand	\$2,911,000

In order to pay the remainder of the Project costs, this Council determined that it was necessary and desirable and in the best interests of the City to finance such costs through a lease-purchase agreement.

1.02. The City has solicited proposals from financial institutions and underwriters of municipal securities. On January 27, 2003, this Council determined the offer of Koch Financial Corporation, in Scottsdale, Arizona (the "Purchaser"), as the most favorable proposal to the City. The Purchaser has proposed to finance a principal amount not to exceed \$10,000,000, of which \$6,600,000 will be used for real property at an annual interest rate of 5.14%, and on the further terms and conditions as set forth in their proposal dated December 19, 2002. Such offer is hereby accepted and the lease-purchase financing of the Project is awarded to the Purchaser, as further set forth herein.

1.03. All acts, conditions and things which are required by the Constitution and laws of the State of Montana to be done prior to the execution of the lease-purchase agreement having been done, existing and having happened, it is necessary for this Council to establish the terms thereof, to approve the execution of documentation relating thereto and to direct the execution of the lease-purchase agreement forthwith.

Section 2. Documentation; Execution and Delivery; Terms.

2.01. There have been prepared and presented to this Council copies of the following documents, all of which are now and/or shall be placed on file in the office of the City Manager:

- (a) Ground Lease Agreement dated as of March 3, 2003 (the "Ground Lease"), by and between the City and the Purchaser; and
- (b) Lease-Purchase Agreement dated as of March 3, 2003 (the "Lease"), by and between the City and the Purchaser; and
- (c) Escrow Agreement dated as of March 3, 2003 (the "Escrow Agreement"), among and between the City, the Purchaser and Intrust Bank, a national banking association with a corporate trust office in Wichita, Kansas, as escrow agent.

The forms of such documents are approved, with such variations, insertions and additions as are deemed appropriate by the parties and approved by the City Attorney and bond counsel.

2.02. Upon finalization of the Ground Lease, Lease and Escrow Agreement and the execution thereof by the other parties thereto, the Mayor, City Manager and Director of Administrative Services shall execute and deliver the Ground Lease, Lease and Escrow Agreement on behalf of the City. The Mayor, City Manager and Director of Administrative Services shall execute on behalf of the City such other contracts, certifications, documents or instruments as Dorsey & Whitney LLP, bond counsel to the City, shall require, and all certifications, recitals, warranties and representations therein shall constitute the certifications, recitals, warranties and representations of the City. Execution of any instrument or document by one or more appropriate officers of the City shall constitute and shall be deemed conclusive evidence of the approval and authorization by the City and this Council of the instrument or document so executed.

2.03. The City's payment obligations under the Lease shall be payable in equal semi-annual installments, due each March 1 and September 1, commencing September 1, 2003 and ending on September 1, 2023. The Lease shall be subject to prepayment by the City on March 1, 2011 and any payment date thereafter, with 60 days notice, at a price equal to the principal balance outstanding and interest accrued to the date of prepayment, plus a prepayment premium of 2% of the outstanding principal balance. The City's obligations under the Lease shall be subject to termination at the end of each fiscal year of the City in the event that this Council should determine not to appropriate moneys sufficient for the continued performance of the Lease by the City, and the full faith and credit and ad valorem taxing powers of the City shall not be pledged to the payment of the City's obligations thereunder.

Passed by the City Council of the City of Billings, Montana, this 24th day of February, 2003.

Mayor

Attest: _____
City Clerk