

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of City of Billings, Yellowstone County, Montana (the "City"), hereby certify that the attached resolution is a true copy of a Resolution entitled: "A RESOLUTION OF THE CITY COUNCIL SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY OF BILLINGS, MONTANA, THE QUESTION OF ISSUING GENERAL OBLIGATION BONDS IN AN AMOUNT OF FIVE MILLION TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$5,200,000.00) FOR THE PURPOSE OF DESIGNING, ACQUIRING RIGHT OF WAY FOR AND CONSTRUCTING AND IMPROVING PORTIONS OF THREE MAJOR CITY ARTERIAL ROADWAYS, AND PAYING COSTS ASSOCIATED WITH THE SALE AND ISSUANCE OF THE BONDS AND AUTHORIZING THE LEVY OF ADDITIONAL MILLS OVER THE EXISTING AND APPROVED CHARTER LEVY LIMITATION TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS" (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 at a regular meeting on July 28, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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: unanimous  
\_\_\_\_\_; voted against the same: none; abstained  
from voting thereon: none; or were absent: Iverson and Larson  
\_\_\_\_\_.

WITNESS my hand and seal officially this 28th day of July, 2003.

(SEAL)

\_\_\_\_\_  
City Clerk

RESOLUTION NO. 03-18005

A RESOLUTION OF THE CITY COUNCIL SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY OF BILLINGS, MONTANA, THE QUESTION OF ISSUING GENERAL OBLIGATION BONDS IN AN AMOUNT OF FIVE MILLION TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$5,200,000.00) FOR THE PURPOSE OF DESIGNING, ACQUIRING RIGHT OF WAY FOR AND CONSTRUCTING AND IMPROVING PORTIONS OF THREE MAJOR CITY ARTERIAL ROADWAYS, AND PAYING COSTS ASSOCIATED WITH THE SALE AND ISSUANCE OF THE BONDS AND AUTHORIZING THE LEVY OF ADDITIONAL MILLS OVER THE EXISTING AND APPROVED CHARTER LEVY LIMITATION TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS

BE IT RESOLVED By the City Council (the “Council”) of the City of Billings, Montana (the “City”) as follows:

Section 1. Recitals.

1.01. Authorization. A city or town is authorized pursuant to Title 7, Chapter 7, Parts 41 and 42, M.C.A., to issue general obligation bonds pledging the general credit of the City for the purpose of designing, acquiring, opening or widening any street and improving the street by constructing, reconstructing and repairing pavement, gutters and curbs, upon approval of the electorate of the city or town, provided that such indebtedness will not cause the total indebtedness of the city to exceed 1.51% of the total assessed value of taxable property, determined as provided in Section 15-8-111, within the city or town, as ascertained by the last assessment for state and county taxes. A city council is authorized pursuant to Section 7-7-4223, M.C.A., to call a bond election by adopting a resolution to that effect.

1.02. Needed Roadway Improvements. The City through its Capital Improvement Plan has identified a number of road and transportation projects that need to be constructed in order to reduce congestion and facilitate orderly traffic and growth issues that can not be funded from the City’s normal revenues available for street and road construction.

1.03. Proposed Improvements. The City Public Works Department has proposed that the City issue general obligation bonds to pay for a portion of the costs of the improvements to certain major arterials in the City consisting of widening, paving, realigning and installing sidewalks, storm drains, curbs and gutters on Alkali Creek Road from the Airport Road Intersection to Senators Boulevard Intersection; on Arlene Corridor from Poly Drive to Broadwater Avenue which results in a north to south connection from Highway 3 to I-90; and on South Billings Boulevard from Laurel Road to King Avenue East Intersection (the “Road Improvement Projects”).

1.04. Estimated Cost. The estimated cost of the Road Improvement Projects is \$7,079,000. It is proposed that the city issue Bonds in the amount of \$5,200,000 to pay a portion of those costs with the additional costs of the Road Improvement Projects being paid from City storm drain funds, CTEP grants, special assessments levied against adjacent owners for sidewalk improvements, and City water and sanitary sewer funds for related water and sewer improvements necessitated by the Road Improvements Projects.

1.05. Debt Limitation. The Council has determined that the issuance of general obligation bonds in the amount of Five Million Two Hundred Thousand and No/100 Dollars (\$5,200,000.00) will not cause the City to exceed its general statutory indebtedness limitation, which as currently calculated is \$50,529,937.

1.06. Mills. Under the City Charter, as modified by the required votes of the electors of the City, the number of mills that can be levied within the City for all purposes is 110.23. It is estimated that 3.56 additional mills would be needed to pay the principal of and interest on the Bonds over a 20 year period, assuming a 5% interest rate, based on the current taxable valuation of the City.

1.07. Election. The Council has determined there should be submitted to the electors of the City qualified to vote at bond elections the question of whether or not the Council shall be authorized to issue and sell general obligation bonds of the City in order to obtain funds for the Road Improvement Projects, paying costs associated with the sale and issuance of the bonds and authorizing the levy of additional mills over the existing and approved charter levy limitation to pay principal of and interest on the bonds.

1.08. Bonds. It is the judgment of the Council that the sum of Five Million Two Hundred Thousand and No/100 Dollars (\$5,200,000.00), will be necessary to carry out the purposes set forth above. It is also the judgment and determination of the Council that such bonds will be payable during a term not to exceed twenty (20) years and shall be redeemable on any interest payment date after one-half of the term for which they are issued.

Section 2. Calling of the Election. The Council of the City hereby calls and directs a special city election to be held on November 4, 2003, in conjunction with the regular election, for the purpose of voting on the following question:

Shall the Council be authorized to issue and sell general obligation bonds of the City in the amount of Five Million Two Hundred Thousand and No/100 Dollars (\$5,200,000.00), bearing interest at a rate to be determined by the Council at a competitive bid, payable semiannually during a term of not to exceed twenty years and redeemable on any interest payment date after one-half of their term for the purpose of designing, acquiring right of way for and constructing and improving portions of three major city arterial roadways and paying costs associated with the sale and issuance of general obligation bonds and to levy additional mills over the existing and approved charter levy limitation in the estimated amount of 3.56 mills, as required to pay principal of and interest on the bonds?

Section 3. Conduct of Election. All qualified electors of the City shall be entitled to vote at the bond election. The Yellowstone County Election Administrator is hereby requested to

close registration, give notice thereof and upon close of registration to prepare printed lists of the electors in the City entitled to vote in the election in the City and to conduct the election in the form and manner prescribed by law.

Section 4. Notice of Election. The City Clerk is hereby authorized and requested to cause notice of the call and holding of the election to be given by publishing notice at least once a week for the two consecutive weeks before the election in the *Billings Times*, a newspaper of general circulation in Yellowstone County. The notice of election as published shall read substantially as follows:

NOTICE OF GENERAL OBLIGATION BOND ELECTION

City of Billings, Montana

November 4, 2003

NOTICE IS HEREBY GIVEN by the City Council (the "Council") of the City of Billings, Montana (the "City"), that pursuant to a certain resolution duly adopted at a regular meeting of the Council on July 28, 2003, a special city election of the registered voters of the City will be held on November 4, 2003, in conjunction with the regular election, for the purpose of voting on the following question:

Shall the Council be authorized to issue and sell general obligation bonds of the City in the amount of Five Million Two Hundred Thousand and No/100 Dollars (\$5,200,000.00), bearing interest at a rate to be determined by the Council at a competitive bid, payable semiannually during a term of not to exceed twenty years and redeemable on any interest payment date after one-half of their term for the purpose of designing, acquiring right of way for and constructing and improving portions of three major city arterial roadways and paying costs associated with the sale and issuance of general obligation bonds and to levy additional mills over the existing and approved charter levy limitation in the estimated amount of 3.56 mills, as required to pay principal of and interest on the bonds?

The polls shall be open between the hours of 7:00 a.m. and 8:00 p.m., and the polling places for the election shall be the normal polling places for City residents during a general election. Absentee ballots may be obtained at the office of the Yellowstone County Election Administrator at the Yellowstone County Courthouse, 217 North 27th, Billings Montana until 12:00 noon, November 3, 2003.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2003.

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City Clerk

Publish:      October 2, 2003  
                  October 9, 2003

Section 5. Ballots. The Election Administrator is hereby requested to prepare suitable ballots for use at the election at the polling places, together with the precinct lists.

Section 6. Form of Ballot. The ballot shall be printed in substantially the following form:

OFFICIAL BALLOT  
CITY OF BILLINGS, MONTANA  
GENERAL OBLIGATION BOND ELECTION  
November 4, 2003

INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words "BONDS--YES" if you wish to vote for the bond issue; if you are opposed to the bond issue make an X or similar mark in the square before the words "BONDS--NO".

**ROADWAY IMPROVEMENT BONDS**

Shall the Council be authorized to issue and sell general obligation bonds of the City in the amount of Five Million Two Hundred Thousand and No/100 Dollars (\$5,200,000.00), bearing interest at a rate to be determined by the Council, payable semiannually during a term of not to exceed twenty (20) years and redeemable on any interest payment date after one-half of their term for the purpose of designing, acquiring right of way for and constructing and improving portions of three major city arterial roadways and paying costs associated with the sale and issuance of general obligation bonds and authorizing the levy of additional mills over the existing and approved charter levy limitation to pay principal of and interest on the bonds?

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ROADWAY IMPROVEMENT BONDS — YES

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ROADWAY IMPROVEMENT BONDS — NO

Section 7. Notice to County Election Administrator. That a copy of this resolution will be provided to the Yellowstone County Election Administrator as soon as possible after its adoption and approval in order to inform him of the details of the election and the pertinent requests and authorizations as to the conduct of the election.

Section 8. Reimbursement Expenditures.

(a) The United States Department of Treasury has promulgated final regulations governing the use of proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the City for project expenditures paid by the City prior to the date of issuance of such bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the “Regulations”) require that the City adopt a statement of official intent to reimburse an original expenditure not later than 60 days after payment of the original expenditure. The Regulations also generally require that the bonds be issued and the reimbursement allocation made from the proceeds of the bonds within 18 months (or three years, if the reimbursement bond issue qualifies for the “small issuer” exception from the arbitrage rebate requirement) after the later of (i) the date the expenditure is paid or (ii) the date the project is placed in service or abandoned, but (unless the issue qualifies for the “small issuer” exception from the arbitrage rebate requirement) in no event more than three years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the bonds.

(b) Other than (i) expenditures to be paid or reimbursed from sources other than the bonds, (ii) expenditures permitted to be reimbursed under the transitional provision contained in Section 1.150-2(j)(2) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a “de minimus” amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures for the project have been paid by the City before the date 60 days before the date of adoption of this resolution.

(c) The City reasonably expects to reimburse the expenditures made for costs of the project out of the proceeds of bonds in an estimated maximum aggregate principal amount of \$5,200,000 after the date of payment of all or a portion of the costs of the project. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the bonds or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations.

(d) As of the date hereof, there are no City funds reserved, allocated on a long-term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures related to the project, other than pursuant to the issuance of the bonds. The statement of intent contained in this resolution, therefore, is determined to be consistent with the City’s budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof.

(e) The City’s financial officer shall be responsible for making the “reimbursement allocations” described in the Regulations, being generally the transfer of the appropriate



amount of proceeds of the bonds to reimburse the source of temporary financing used by the City to make prior payment of the costs of the project. Each allocation shall be evidenced by an entry on the official books and records of the City maintained for the bonds or the project and shall specifically identify the actual original expenditure being reimbursed.

PASSED by the City Council of Billings, Montana, this 28th day of July, 2003.

\_\_\_\_\_  
Mayor

Attest: \_\_\_\_\_  
City Clerk

(SEAL)