

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Billings, Yellowstone County, Montana (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. 05-18268, entitled: "RESOLUTION RELATING TO POOLED SPECIAL IMPROVEMENT DISTRICT REFUNDING BONDS, SERIES 2005; AUTHORIZING THE ISSUANCE AND PRIVATE NEGOTIATED SALE THEREOF AND THE REDEMPTION OF CERTAIN OTHER SPECIAL IMPROVEMENT DISTRICT BONDS OF THE CITY" (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 May 23, 2005, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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: Brewster and Tooley.

WITNESS my hand officially this 23<sup>rd</sup> day of May, 2005.

Marita Herold  
City Clerk

RESOLUTION NO. 05-18268

RESOLUTION RELATING TO POOLED SPECIAL IMPROVEMENT DISTRICT  
REFUNDING BONDS, SERIES 2005; AUTHORIZING THE ISSUANCE AND PRIVATE  
NEGOTIATED SALE THEREOF AND THE REDEMPTION OF CERTAIN OTHER  
SPECIAL IMPROVEMENT DISTRICT BONDS OF THE CITY

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

Section 1. Recitals. The City, pursuant to Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended (the "Act"), has issued its special improvement district bonds (the "Outstanding Bonds") drawn against the funds of, and to finance the costs of improvements in, the following special improvement districts of the City: Special Improvement District Nos. 1327, 1332, 1334, 1335 and 1340 (the "Districts"). All of the improvements financed from the proceeds of the Outstanding Bonds have been completed and all proceeds of the Outstanding Bonds and investment income thereon to be applied to costs of the improvements have been so applied or have been applied to the partial redemption of the Outstanding Bonds drawn on the respective Districts, except for certain proceeds of certain of the Outstanding Bonds on deposit in the Special Improvement District Revolving Fund of the City (the "Revolving Fund").

Section 2. Authorization. Montana Code Annotated, Section 7-12-4194 authorizes the issuance of special improvement district bonds under the Act to provide money needed to pay principal of and interest on outstanding bonds if the rate of interest on the refunding bonds is not less than one-half of one percent (0.50%) a year less than the rate of interest on the bonds to be refunded. Section 7-12-4193 authorizes the pooling of bonds of more than one special improvement district if the pooling is in the best interest of the city and the respective districts and will facilitate the sale of the bonds under more advantageous terms or with lower interest rates and if the pooled bonds are secured by the special improvement district revolving fund of the City. In addition, the City is authorized by Section 7-12-4204(1) to sell special improvement district bonds at a price less than the principal amount thereof, but including interest thereon to the date of delivery, if this Council determines that such sale is in the best interests of the district and the City.

Section 3. Pooling and Issuance of Refunding Bonds. It is hereby determined that it is in the best interests of the City and the owners of property in the Districts for the City to sell its pooled special improvement district refunding bonds, pursuant to Montana Code Annotated, Sections 7-12-4193 and 7-12-4194, in order to provide funds to be used, with other available funds in the district funds relating to the Districts, to refund the Outstanding Bonds in advance of their stated maturities. Such bonds shall be denominated "Pooled Special Improvement District Refunding Bonds, Series 2005 (the "Bonds"), and shall be issued in an aggregate principal amount not exceeding the outstanding principal amount of the Outstanding Bonds. This Council hereby finds that the pooling into a single refunding bond issue of the bond issues required to refund each issue of the Outstanding Bonds is in the best interest of the City and each of the Districts and will facilitate the sale of the Bonds because the size of the issue will attract more interest in the marketplace and thus help to lower interest rates on the Bonds, and because a single refunding issue will reduce the costs and expenses of the refunding. Because the Bonds will be issued in a principal amount not greater than the outstanding principal amount of the Outstanding Bonds, no public hearing is required to establish the desirability of issuing the Bonds to refund the Outstanding Bonds.

The reason for issuing the Bonds is to achieve debt service savings for each of the Districts, now estimated in the aggregate on a present value basis (using 4.011% as the discount rate) at \$60,043. The savings will benefit each of the Districts and the owners of property therein by reducing the total cost of the improvements financed therein and will benefit the City by reducing the liability of the Revolving Fund with respect to the Outstanding Bonds.

Pursuant to the authority described in Section 2, this Council hereby determines to fix the minimum price for the Bonds at ninety-eight and four-fifths percent (98.8%) of the principal amount thereof, plus interest accrued thereon, if any, to the date of delivery, as further provided in Section 5. Such minimum bid will enable the Purchaser (as hereinafter defined) to sell the Bonds more efficiently based on actual market conditions without adjusting the interest rates thereon to provide compensation for its purchase of the Bonds. This procedure will facilitate the sale of the Bonds at the lowest interest rates, which is in the best interests of the Districts and the City.

Section 4. Pledge of Revolving Fund. In the resolutions of intention to create each of the Districts, this Council found that it was in the public interest, and in the best interest of the City and the respective Districts, to secure payment of the principal of and interest on the Outstanding Bonds by the Revolving Fund, on the basis of factors required to be considered under Section 7-12-4225 of the Act. It is

hereby found, determined and declared that it is in the public interest and in the best interest of the City and the Districts, to secure payment of the principal of and interest on the Bonds by the Revolving Fund, and the findings made in the resolutions of intention in respect of the pledge of the Revolving Fund for each of the Districts (i.e., in Section 9 of Resolution No. 95-16934 in respect of District No. 1327, in Section 9 of Resolution No. 96-17107 in respect of District No. 1332, in Section 9 of Resolution No. 97-17223 in respect of District No. 1335, in Section 9 of Resolution No. 96-17180 in respect of District No. 1334, and in Section 9 of Resolution No. 99-17453 in respect of District No. 1340) are hereby ratified and confirmed; no material adverse condition relevant to the pledge of the Revolving Fund in any of the Districts having occurred since the Outstanding Bonds were issued and the liability of the Revolving Fund to be reduced as a result of issuance of the Bonds.

Section 5. Sale of Bonds; Bond Purchase Agreement. Pursuant to Sections 7-12-4194(3) and 7-12-4204(1) of the Act, this Council hereby determines that it is in the best interests of the City to sell the Bonds at a private negotiated sale to D.A. Davidson & Co., of Great Falls, Montana (the "Purchaser"), in consultation with Springsted Incorporated, financial consultant to the City in respect of the Bonds. The Bonds shall be sold to the Purchaser on terms and at a purchase price within the following limitations: (1) the principal amount of the Bonds shall not exceed the outstanding principal amount of the Outstanding Bonds (\$1,360,000); (2) the purchase price shall not be less than ninety-eight and four-fifths percent (98.8%) of the original principal amount of the Bonds and the compensation to be paid to the Purchasers, realizable from underwriter's discount or net original issue premium, does not exceed one percent (1.20%) of the original principal amount of the Bonds; and (3) the interest rates on the Bonds are such that the average annual rate of interest on the Bonds is not greater than four and one-half percent (4.50%) per annum and debt service payable on the Bonds is such that the net present value of debt service savings to be achieved by the refunding is not less than 3.00% of the principal amount of the Outstanding Bonds, using the yield of the Bonds as the discount factor, calculated over the term of the Outstanding Bonds.

The City Administrator or another officer of the City as his designee is hereby authorized and directed to select the Purchaser and to approve the principal amount, purchase price, maturity dates (provided that the final maturity date is not later than July 1, 2015), principal amounts, interest rates and redemption provisions of the Bonds, subject to the limitations contained in the preceding paragraph and the Act. Upon approving such terms, the City Administrator or designee is hereby authorized and directed to approve, execute and deliver to the Purchaser a bond purchase agreement (the "Bond Purchase Agreement"), containing the agreement of the City to sell, and the agreement of the Purchaser to purchase, the Bonds on the terms so approved, and containing such other provisions as the City Administrator or his designee and the Financial Services Manager and the City Attorney shall deem necessary and appropriate. The execution and delivery by an appropriate officer of the City of the Bond Purchase Agreement shall be conclusive as to the approval of such officer of the terms of the Bonds and the agreement of the City to sell the Bonds on such terms in accordance with the provisions thereof.

The form of the Bonds and the security therefor shall be prescribed by a subsequent resolution to be adopted by this Council.

Section 6. Preliminary Official Statement. The Financial Services Manager and other officers of the City, in cooperation with bond counsel, the financial consultant and the Purchaser, are authorized to prepare a Preliminary Official Statement relating to the Bonds to be distributed by the Purchaser to potential purchasers of the Bonds. The Financial Services Manager, on behalf of the City, is hereby authorized and directed to deem the Preliminary Official Statement a "final" official statement as of its date, in accordance with Rule 15c2-12(b)(1) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 7. Notice of Redemption. The Financial Services Manager is hereby authorized to give notice of redemption of the Outstanding Bonds with stated maturities after July 1, 2005, in accordance with the respective resolutions authorizing issuance of the Outstanding Bonds. Such Outstanding Bonds shall be called for redemption on July 1, 2005, subject to the condition that such notice is subject to revocation by the City on or before June 20, 2005, in the event the Bonds are not theretofore sold to the Purchaser or for some other reason deemed to be in the best interest of the City by the Financial Services Manager.

Section 8. Redemption of Certain Other Outstanding Special Improvement District Bonds. In addition to the Outstanding Bonds, other special improvement district bonds of the City are outstanding in comparatively small principal amounts or as to which the debt service savings as a result of a refunding would not be significant, as follows:

Special Improvement District No.Outstanding Principal Amount

1338	\$13,000
1331	18,000
1324	15,000
1326	50,000
1329	6,000
1339	145,000
1342	25,000

Because of the administrative costs involved while such bonds are outstanding, because such bonds are subject to optional redemption on July 1, 2005, and because there are surplus funds available in the Revolving Fund to pay the redemption price of such Bonds not payable from the collection of special assessments in such districts, this Council hereby authorizes and directs the Financial Services Manager to give notice of redemption of such bonds with stated maturities after July 1, 2005, in accordance with the respective resolutions authorizing issuance of such bonds.

Section 9. Effective Date. This resolution shall be in full force and effect from and after its passage.

PASSED AND ADOPTED by the City Council of the City of Billings, Montana, this 23rd day of May, 2005.



Charles F. Tooley

Mayor

Mayor Pro Tem  
in the absence  
of the Mayor

Attest: Marita Herold  
Marita Herold, CMC/AEE City Clerk