

## 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 \$130,500 TAXABLE GENERAL FUND OBLIGATION NOTE, SERIES 2008; AUTHORIZING THE ISSUANCE AND PRIVATE NEGOTIATED SALE THEREOF; DETERMINING THE FORM AND DETAILS AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF AND MAKING CERTAIN COVENANTS RELATED TO THE PAYMENT THEREOF AND SECURITY THEREFOR" (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 May 27, 2008, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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: Ronquillo, Gaghen, Stevens, Veis, Ruegamer, McCall, Ulledalen, Astle, and Clark; voted against the same: \_\_\_\_\_; abstained from voting thereon: \_\_\_\_\_; or were absent: Pitman.

WITNESS my hand and seal officially this 27<sup>th</sup> day of May, 2008.



Cari Martin  
City Clerk

RESOLUTION NO. 08-18710

RESOLUTION RELATING TO \$130,500 TAXABLE GENERAL FUND OBLIGATION NOTE, SERIES 2008; AUTHORIZING THE ISSUANCE AND PRIVATE NEGOTIATED SALE THEREOF; DETERMINING THE FORM AND DETAILS AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF AND MAKING CERTAIN COVENANTS RELATED TO THE PAYMENT THEREOF AND SECURITY THEREFOR

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

Section 1. Authorization; Sale; Recitals.

1.01. Authorization. Pursuant to Montana Code Annotated, Section 7-7-4104 (the "Act"), a municipality is authorized to issue a general obligation of the municipality not secured by its taxing power without submitting the question of incurring the indebtedness to the electors, upon the satisfaction of certain conditions: (1) the principal amount of the obligation may not exceed 10% of the general fund budget of the municipality in each of the two preceding fiscal years; (2) at the time the obligation is incurred, the debt service in the current or any future fiscal year on the obligation and any other outstanding obligation issued pursuant to such section do not exceed 2% of the revenues deposited in the general fund of the municipality in each of the two immediately preceding fiscal years; and (3) the term of the obligation does not exceed 20 years.

1.02. Compliance with Conditions. The City proposes to issue its Taxable General Fund Obligation Note, Series 2008, in the principal amount of \$130,500 (the "Note") for the purpose of paying a portion of the costs of the new scoreboard to be installed at the City's new baseball stadium (the "Project"), payable over a term of nine years. The City represents that it meets the conditions of Section 7-7-4104 as follows:

A. The principal amount of \$130,500 does not exceed 10% of the general fund budget of the City for the immediately two preceding fiscal years, i.e., \$37,192,527 for fiscal year ending 2006 and \$42,808,926 for fiscal year ending 2007.

B. Assuming an interest rate of 6.72% and assuming substantially equal amount debt service payments over nine years, the maximum amount of debt service on the Note and the other outstanding obligations issued pursuant to such Act does not exceed 2% of the revenue deposited in the general fund of the City in each of the two immediately preceding fiscal years, i.e., \$750,595 and \$839,259, respectively.

1.03. Sale of Note; Note Purchase Agreement. Pursuant to such authority, this Council authorizes the issuance and sale of \$130,500 principal amount of general fund obligation note of the City for the purpose of paying a portion of the costs of the Project. Pursuant to the

Act, this Council hereby determines that it would be in the best interests of the City to sell the Note at a private negotiated sale to U.S. Bank National Association, Seattle, Washington (the "Purchaser"), in the aggregate principal amount of \$130,500. The Note shall be dated as of the date of original issue, shall be issued as a single amortizing note designated the "Series 2008 Note," payable annually over a term not to exceed nine years and two months. This Resolution will supersede any previous agreement between the City and the Purchaser. The Financial Services Manager is authorized to execute and deliver on behalf of the City a Note Purchase Agreement.

1.04. Recitals. All acts, conditions and things required by the Constitution and laws of the State of Montana, including the Act, in order to make the Note valid and binding general obligations in accordance with its terms and in accordance with the terms of this resolution have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required.

## Section 2. Note Terms, Execution and Delivery.

2.01. Term of Note. The Note shall be designated "Taxable General Fund Obligation Note, Series 2008." The Note shall bear interest at the rate of 6.72% per annum from the date of delivery until paid. Equal installments of principal and interest on the Note shall be payable on each August 1, commencing August 1, 2009 and continuing through August 1, 2017. The Note shall be prepayable in whole or in part on any Business Day only in accordance with the Prepayment Terms set forth in Exhibit C, attached hereto. Interest on the Note shall be calculated on the basis of a year of 360 days composed of twelve 30-day months.

2.02. Registered Form; Payment. The Note shall be issuable only in fully registered form, and the ownership of the Note shall be transferred only upon the Note Register of the City hereinafter described. Principal of and premium, if any, and interest on the Note are payable in lawful money of the United States of America. Principal and premium, if any, shall be payable by wire transfer in immediately available funds to such account as the Holder of the Note shall direct the Registrar, or otherwise by check or draft drawn on the Registrar hereinafter described, upon presentation and surrender of the Note at maturity or upon redemption at the principal office of the Registrar; provided, however, the Holder shall not be required to surrender the Note upon partial payment or partial redemption of the Note, but only upon final maturity. Principal and interest on the Note shall be payable on August 1 in each year, commencing August 1, 2009, by wire transfer in immediately available funds to such account as the Holder of the Note shall direct the Registrar or otherwise by check or draft of the Registrar mailed to the owners of record thereof as such appear in the Note Register as of the close of business on the first day of month in which the payment date occurs, whether or not such day is a business day.

2.03. Dating of Note. Each Note shall be dated, as originally issued, as of the date of its delivery, and upon authentication of any Note the Registrar (as hereinafter defined) shall indicate thereon the date of such authentication.

2.04. Registration. The City shall appoint, and shall maintain, a bond registrar, transfer agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its operations center a bond register in which the Registrar shall provide for the registration of ownership of Note and the registration of transfers and exchanges of Note entitled to be registered, transferred or exchanged.

(b) Transfer of Note. Upon surrender to the Registrar for transfer of any Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as the case may be, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer of any Note within the 15 days that Note is being selected for redemption or of any Note or portion thereof selected for redemption.

(c) Exchange of Note. Whenever any Note is surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver a new Note of a like aggregate principal amount, interest rate and maturity, as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. Any Note surrendered upon any transfer or exchange shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When any Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Note or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name any Note is at any time registered in the bond register as the absolute owner of such Note, whether such Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and prepayment price of and interest on such Note and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the City upon such Note to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of a Note (except an exchange upon a partial redemption), the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Note. In case any Note shall become mutilated or be lost, stolen or destroyed, the Registrar shall deliver a new Note of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Note or in lieu of and in substitution for any such Note lost, stolen or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Note lost, stolen or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Note was lost, stolen or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. Any Note so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the City. If the mutilated, lost, stolen or destroyed Note has already matured or such Note has been called for redemption in accordance with its terms, it shall not be necessary to issue a new Note prior to payment.

2.05. Appointment of Initial Registrar. The City's Financial Services Manager shall serve as registrar, transfer agent and paying agent (the "Registrar"). The City reserves the right to appoint a successor bond registrar, transfer agent or paying agent, as authorized by the Model Public Obligations Registration Act of Montana, Montana Code Annotated, Title 17, Chapter 5, Part 11, as amended (the "Registration Act"), but the City agrees to pay the reasonable and customary charges of the Registrar for the services performed.

2.06. Prepayment. The principal of the Note is subject to prepayment in whole or in part on any Business Day only on the terms set forth in Exhibit C. Notice of prepayment will be mailed, at least ten days before said redemption date, to the registered owner thereof, by U.S. mail overnight delivery, postage prepaid. Upon partial prepayment of the Note, the outstanding principal amount thereof will be reamortized by the Purchaser at the then-existing interest rate who shall forward to the City Financial Services Manager a copy of the new amortization schedule. The Financial Services Manager, at least ten days prior to the designated redemption date, shall give the Purchaser notice of the date and amount of any prepayment portions thereof shall cease to bear interest.

2.07. Form. The Note shall be prepared in substantially the form set forth in Exhibit A hereto, which is hereby incorporated by reference and made a part hereof.

2.08. Execution and Delivery. The Note shall be forthwith prepared for execution under the direction of the Financial Services Manager, and shall be executed on behalf of the City by the signatures of the Mayor, Financial Services Manager, and City Clerk, and shall be sealed with the official seal of the City; provided that said signatures and the seal may be printed, engraved or lithographed facsimiles thereof. In case any officer whose signature or a facsimile of whose signature shall appear on the Note shall cease to be such officer before the delivery thereof, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. When the Note shall have been so executed by said City officers, the Note shall be registered by the Financial Services Manager in accordance with Montana Code Annotated, Section 7-7-4257. Notwithstanding such execution, no Note shall be valid or obligatory for any purpose or be

entitled to any security or benefit under this resolution unless and until a certificate of authentication on such Note has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Notes need not be signed by the same representative. The executed certificate of authentication on each Note shall be conclusive evidence that it has been authenticated and delivered under this resolution. When the Note shall have been fully executed and authenticated, the Note shall be delivered by the Financial Services Manager to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

### Section 3. Security Provisions.

3.01. Project Account; Use of Proceeds. There is hereby created a special account to be designated as the "Project Account" (the "Project Account"), to be held and administered by the Financial Services Manager of the City separate and apart from all other funds of the City. The City appropriates to the Project Account: (a) the proceeds of the sale of the Note in the amount of \$130,500.00, and (b) all income derived from the investment of amounts on hand in the Project Account. The Project Account shall be used solely to defray expenses of the Project and costs of issuance of the Note. Upon completion and payment of all costs of the Project, any remaining proceeds of Note in the Project Account shall be credited and paid to the Debt Service Account.

3.02. 2008 Note Debt Service Account. So long as the Note is outstanding and any principal thereof or interest thereon unpaid, the Financial Services Manager shall maintain a separate and special 2008 Note Debt Service Account (the "Debt Service Account") to be used for no purpose other than the payment of the principal and prepayment price of and interest on the Note. The City irrevocably appropriates to the Debt Service Account: (a) any proceeds of the Note in excess of \$130,500.00, (b) all payments received from Pepsi Cola Bottling Company pursuant to the Pepsi Cola Bottling Company Agreement, (c) all funds to be credited and paid thereto in accordance with the provisions of Section 3.01, (d) all amounts appropriated or transferred in accordance with Section 3.03 of this resolution, (e) all income derived from the investment of amounts on hand in the Debt Service Account, and (f) such other money as shall be received and appropriated to the Debt Service Account from time to time.

3.03. General Obligations; Pledge of General Credit; Covenant To Make Appropriations. (a) The Note is a general obligation of the City, but is not secured by a pledge of the taxing power of the City. The general credit (but not the taxing power) of the City shall be and is hereby irrevocably pledged to the prompt and full payment of the principal of and interest on the Note when due. The principal of and interest on the Note are payable from any funds of the City legally available for the payment thereof, including funds on hand in the General Fund of the City, including payments to be made to the City by Pepsi Cola Bottling Company, 344 Howard Ave, Billings, Montana, 59101, in nine annual payments of \$20,000 payable on July 1, commencing on July 1, 2009. If on any date that the payment of principal of or interest on the Note is due and the amount on hand in the Debt Service Account is insufficient for the payment thereof, this Council shall forthwith appropriate to the Debt Service Account sufficient legally available money of the City to make good the deficiency.

(b) As security for the Note, the City hereby grants a first lien on the Pepsi Cola Bottling Company payments collected each year and agrees to deposit such payments in the Debt Service Account of the City and covenants and agrees to appropriate each fiscal year during the term of the Note from its General Fund an amount sufficient for the payment of the principal of and interest on the Note to the extent the moneys on hand in the Debt Service Account are insufficient therefor, subject to the first lien pledge of the General Fund revenues to the payment of the City's outstanding \$3,719,000 General Fund Obligation Note, Series 2007 and any other parity obligations incurred under the Act due in such fiscal year. Such appropriated funds shall be credited to the Debt Service Account. Any ad valorem taxes the City may in its discretion levy to pay principal of and interest on the Note are subject to applicable limits now or hereafter imposed by law on the amount of taxes that may be levied by the City.

**Section 4. Defeasance.**

4.01. General. When the liability of the City on the Note issued under and secured by this Resolution and all interest thereon has been discharged as provided in this section, all pledges, covenants and other rights granted by this Resolution to the holders of such Note shall cease.

4.02. Maturity. The City may discharge its liability with reference to the Note and interest thereon which are due on any date by depositing with the Registrar for such Note on or before the date a sum sufficient for the payment thereof in full; or if any Note or interest thereon shall not be paid when due, the City may nevertheless discharge its liability with reference thereto by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

4.03. Redemption. The City may also discharge its liability with reference to any prepayable Note which is called for redemption on any date in accordance with its terms, by depositing with the Registrar on or before that date an amount equal to the principal, interest and redemption premium, if any, which are then due thereon, provided that notice of such redemption has been duly given as provided in this Resolution.

4.04. Escrow. The City may also at any time discharge its liability in its entirety with reference to any Note subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose (including, if so qualified, the Registrar), cash or securities which are general obligations of the United States or securities of United States agencies which are authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without reinvestment, to provide funds sufficient to pay all principal, interest and redemption premiums, if any, to become due on such Note at their stated maturities or, if such Note are prepayable and notice of redemption thereof has been given or irrevocably provided for, to such earlier redemption date.

Passed and adopted by the City Council of the City of Billings, Montana, this 27th day of May, 2008.



A handwritten signature in black ink, appearing to read "P. Maruyama".

Mayor

Attest:

Lori Martin  
City Clerk



EXHIBIT A

UNITED STATES OF AMERICA  
STATE OF MONTANA  
COUNTY OF YELLOWSTONE

**CITY OF BILLINGS**

TAXABLE GENERAL FUND OBLIGATION NOTE, SERIES 2008

No. 1 \$130,500.00

REGISTERED OWNER: U.S. BANK NATIONAL ASSOCIATION

FOR VALUE RECEIVED, THE CITY OF BILLINGS, YELLOWSTONE COUNTY, STATE OF MONTANA (the "City"), acknowledges itself to be indebted and hereby promises to pay to the registered owner named above, or registered assigns, the principal amount specified above or, if this Note is prepayable as stated herein, on any date prior thereto on which this Note shall have been duly called for redemption, and to pay interest on said principal amount to the registered owner hereof from its date of delivery or from such later date to which interest has been paid or duly provided for until this Note is paid. The City's Financial Services Manager shall serve as Registrar and Paying Agent on the Note. Principal and interest on this Note is payable annually on each August 1, commencing on August 1, 2009, by wire transfer in immediately available funds to such account as the Holder of the Note shall direct the Registrar or otherwise by check or draft mailed by the Registrar to the person in whose name this Note is registered as of the close of business on the first day (whether or not a Business Day) of the month in which the payment date occurs, at his address as it appears on the bond register maintained by the Registrar. The principal of and interest on this Note are payable in lawful money of the United States of America.

THE PRINCIPAL AND INTEREST ON THE NOTE ARE PAYABLE FROM ANY FUNDS OF THE CITY LEGALLY AVAILABLE FOR THE PAYMENT THEREOF, INCLUDING FUNDS IN ITS GENERAL FUND DEPOSITED IN THE 2008 NOTE DEBT SERVICE ACCOUNT. THE NOTE IS NOT SECURED BY A PLEDGE OF THE CITY'S TAXING POWER.

This Note comprises this issue of the Taxable General Fund Obligation Note, Series 2008 of the City and is issued in the total principal amount of \$130,500 (the "Note"), authorized by the City in accordance with Montana Code Annotated, Section 7-7-4104, as amended, for the purpose of paying a portion of the costs of the new scoreboard to be installed at the City's new baseball stadium, and paying costs associated with the sale and issuance of the Note, all pursuant to a resolution duly adopted by the City Council of the City, including a resolution adopted on May 27, 2008 (the "Resolution"), and in full conformity with the Constitution and laws of the State of Montana thereunto enabling. The Note is issuable only as a fully registered note.

Outstanding principal of this Note shall bear interest from its date of delivery until paid at the rate of 6.72% per annum. As used herein, "Business Day" means any day other than (i) a Saturday or Sunday, or (ii) a legal holiday in the State of Montana. Interest on the Note shall be calculated on the basis of a year of 360 days composed of twelve 30-day months. Closing shall mean the day of execution and delivery of the Note and receipt of the purchase price thereof.

The Note shall be prepayable in whole or in part on any Business Day only on the terms set forth in Exhibit C to the Resolution. Notice of prepayment will be mailed, at least ten days before said redemption date, to the registered owner thereof, by first-class mail postage prepaid. Upon partial prepayment of the Note, the outstanding principal amount thereof will be reamortized at the then-existing interest rate.

As provided in the Resolution and subject to certain limitations set forth therein, this Note is transferable upon the books of the City at the operations center of the Registrar, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or his attorney, and may also be surrendered in exchange for Note of other authorized denominations. Upon any such transfer or exchange, the City will cause a new Bond or Note to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Registrar may deem and treat the person in whose name this Note is registered as the absolute owner hereof, whether this Note is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Montana to be done, to exist, to happen and to be performed precedent to and in the issuance of this Note, in order to make it a valid and binding general obligation of the City according to its terms, have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required; that the general credit (but not the taxing power) of the City has been irrevocably pledged to the prompt and full payment of the principal and prepayment price of and interest on the Note when due; that the City has granted a first lien on annual payments to be received from Pepsi Cola Bottling Company pursuant to the Pepsi Cola Bottling Company Agreement and has agreed in the Bond Resolution to deposit such payments in the debt service account created for the Note and to the extent necessary, appropriate each fiscal year during the term of the Note from its General Fund an amount sufficient for the payment of the principal and prepayment price of and interest on the Note, subject to the first lien pledge of the General Fund revenues to the payment of the City's outstanding \$3,719,000 General Fund Obligation Note, Series 2007 and any other parity obligations incurred under the Act due in such fiscal year; that the principal and prepayment price of and interest on the Note are payable from any funds of the City legally available for the payment thereof, including funds in its General Fund, and that if on

any date that the payment of principal and prepayment price of or interest on the Note is due and the amount on hand in the 2008 Note Debt Service Account is insufficient for the payment thereof, the City Council of the City has agreed in the Resolution forthwith to appropriate to the 2008 Note Debt Service Account sufficient legally available money of the City to make good the deficiency; that the issuance of the Note does not cause the indebtedness of the City to exceed any constitutional or statutory limitation; and that the opinion attached hereto is a true copy of the legal opinion given by Bond Counsel with reference to the Note, dated the date of original issuance and delivery of the Note.

This Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by the manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Billings, Yellowstone County, State of Montana, by its City Council, has caused this Note to be executed by the facsimile signatures of the Mayor, the City Clerk and the Financial Services Manager.

(Facsimile Signature)  
Mayor

(Facsimile Signature)  
Financial Services Manager

(Facsimile Signature)  
City Clerk

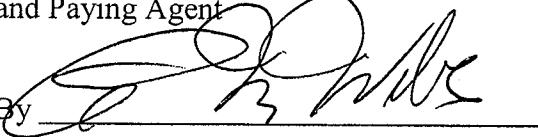
(Facsimile Seal)

Date of Authentication:

#### CERTIFICATE OF AUTHENTICATION

This is one of the Note delivered pursuant to the Resolution mentioned within.

CITY OF BILLINGS FINANCIAL  
SERVICES MANAGER,  
as Note Registrar, Transfer Agent,  
and Paying Agent

By 

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM --	as tenants in common	UTMA.....Custodian..... (Cust) (Minor)
TEN ENT --	as tenants by the entireties	under Uniform
Transfers to		
JT TEN --	as joint tenants with right survivorship and not as tenants in	Minors Act..... (State) common

Additional abbreviations may also be used.

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#### ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

PLEASE INSERT SOCIAL SECURITY  
OR OTHER IDENTIFYING NUMBER  
OF ASSIGNEE

\_\_\_\_\_  
/ \_\_\_\_\_ /

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee:

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Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

Debt Service Schedule

**EXHIBIT C**  
**PREPAYMENT TERMS**

**Prepayment:** There shall be no prepayments of this Note, provided that the Bank may consider requests for its consent with respect to prepayment of this Note, without incurring an obligation to do so, and the City acknowledges that in the event that such consent is granted, the City shall be required to pay the Bank, upon prepayment of all or part of the principal amount before final maturity, a Prepayment Fee equal to the maximum of: (a) zero, or (b) that amount, calculated on any prepayment date, which is derived by subtracting: (a) the principal amount of the Note or portion of the Note to be prepaid from (b) the Net Present Value of the Note or portion of the Note to be prepaid on such date of prepayment.

**"Net Present Value"** shall mean the amount which is derived by summing the present values of each prospective payment of principal and interest which, without such full or partial prepayment, could otherwise have been received by the Bank over the shorter of the remaining contractual life of the Note or next repricing date if the Bank had instead initially invested the Note proceeds at the Initial Money Market Rate. The individual discount rate used to present value each prospective payment of interest and/or principal shall be the Money Market Rate at Prepayment for the maturity matching that of each specific payment of principal and/or interest.

**"Initial Money Market Rate"** shall mean the rate per annum, determined solely by the Bank, on the first day of the term of this Note or as mutually agreed upon by the City and the Bank, as the rate at which the Bank would be able to borrow funds in Money Markets for the amount of this Note and with an interest payment frequency and principal repayment schedule equal to this Note and for a term as may be arranged and agreed upon by the City and the Bank. Such a rate shall include FDIC insurance, reserve requirements and other explicit or implicit costs levied by any regulatory agency. The City acknowledges that the Bank is under no obligation to actually purchase and/or match funds for the Initial Money Market Rate of this Note.

**"Money Market Rate At Prepayment"** shall mean that zero-coupon rate, calculated on the date of prepayment, and determined solely by the Bank, as the rate in which the Bank would be able to borrow funds in Money Markets for the prepayment amount matching the maturity of a specific prospective Note payment or repricing date. Such a rate shall include FDIC insurance, reserve requirements and other explicit or implicit costs levied by any regulatory agency. A separate Money Market Rate at Prepayment will be calculated for each prospective interest and/or principal payment date.

**"Money Markets"** shall mean one or more wholesale funding mechanisms available to the Bank, including negotiable certificates of deposit, Eurodollar deposits, bank notes, fed funds, interest rate swaps, or others.

In calculating the amount of such a prepayment fee, the Bank is hereby authorized by the City to make such assumptions regarding the source of funding, redeployment of funds and other related matters, as the Bank may deem appropriate. If the City fails to pay any Prepayment Fee

when due, the amount of such Prepayment Fee shall thereafter bear interest until paid at the default rate specified in this Note (computed on the basis of a 360-day year, actual days elapsed). Any prepayment of principal shall be accompanied by a payment of interest accrued to date thereon; and said prepayment shall be applied to the principal installments in the inverse order of their maturities. All prepayments shall be in an amount of at least \$100,000 or if less, the remaining entire principal balance of the loan.

