

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 \$495,000 SPECIAL IMPROVEMENT DISTRICT NO. 1384 BONDS; AUTHORIZING THE ISSUANCE AND CALLING FOR THE PUBLIC SALE THEREOF AND AUTHORIZING THE PLEDGE OF THE REVOLVING FUND TO THE SECURITY 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 February 23, 2009, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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, Pitman, Veis, Ruegamer, McCall, Ulledalen, Astle, Clark; voted against the same: \_\_\_\_\_; abstained from voting thereon: \_\_\_\_\_; or were absent: Brewster.

WITNESS my hand and seal officially this 23<sup>rd</sup> day of February, 2009.

(SEAL)



Cari Martin  
City Clerk

RESOLUTION NO. 09-18793

RESOLUTION RELATING TO \$495,000 SPECIAL IMPROVEMENT DISTRICT NO. 1384 BONDS; AUTHORIZING THE ISSUANCE AND CALLING FOR THE PUBLIC SALE THEREOF AND AUTHORIZING THE PLEDGE OF THE REVOLVING FUND TO THE SECURITY THEREOF

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

Section 1. Recitals.

(a) This Council has duly and validly created and established in the City under Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended (the "Act"), a special improvement district, designated as Special Improvement District No. 1384 (the "District"), for the purpose of financing costs of certain public improvements of special benefit to the properties within the District (the "Improvements") and paying costs incidental thereto, including costs associated with the sale and the security of special improvement district bonds of the City drawn on the District (the "Bonds") in the aggregate principal amount of \$495,000, the creation and administration of the District, and the funding of a deposit to the City's Special Improvement District Revolving Fund (the "Revolving Fund"). The total estimated costs of the Improvements, including such incidental costs, are \$495,000. The Bonds are to be payable primarily from special assessments to be levied against property in the District, which property will be specially benefited by the Improvements in an amount not less than \$495,000.

(b) The City is authorized by Montana Code Annotated, Section 7-12-4204(1) to sell the 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.

(c) Subject to Subsection 1(b), it is necessary that the Bonds be issued and sold in an aggregate principal amount of \$495,000 to finance the costs of the Improvements, including incidental costs, described in Subsection 1(a). The costs of the Improvements are currently estimated to be as follows:

Construction	\$450,220.95
Engineering	4,950.00
City SID Administration/ Finance Fees	12,375.00
Revolving Fund	24,750.00
Costs of Issuance	2,704.05
TOTAL	\$495,000.00

Section 2. Determination of Public Interest in Allowing Bond Discount. Pursuant to the authority described in Section 1, this Council hereby determines to fix the minimum price for the Bonds at \$495,000 (100% of par), plus interest accrued thereon to the date of delivery. Such minimum bid will enable bidders to bid more efficiently for the Bonds by permitting them to submit their bids based on actual market conditions without adjusting the interest rates thereon to provide compensation for their 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 District and the City.

Section 3. Findings and Determination To Pledge the Revolving Fund. In the Resolution of Intention To Create the District, adopted on January 12, 2009, this Council found it to be in the public interest, and in the best interest of the City and the District, to secure payment of principal of and interest on the Bonds by the Revolving Fund and authorized the City to enter into the undertakings and agreements authorized in the Act in respect of the Bonds, based on the factors required to be considered under Section 7-12-4225(4) of the Act. Those findings and determinations were ratified and confirmed in the resolution adopted by this Council on February 9, 2009, creating the District, and are hereby ratified and confirmed. It is hereby covenanted and recited that the City has the power under the Act to pledge the Revolving Fund to payment of the principal of and interest on the Bonds.

Section 4. Terms of the Bonds. This Council hereby authorizes the issuance and sale of the Bonds, to be denominated "Special Improvement District No. 1384 Bonds," of the City in the aggregate principal amount of \$495,000 for the purpose of financing the costs of the Improvements and costs incidental thereto. The Bonds shall be dated, as originally issued, as of April 1, 2009, and shall bear interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2010, at a rate or rates designated by the successful bidder at public sale and approved by this Council. If issued as serial bonds, the Bonds shall mature on July 1 in each of the following years and amounts:

Year	Principal Amount	Year	Principal Amount
2010	35,000	2018	35,000
2011	35,000	2019	35,000
2012	35,000	2020	35,000
2013	35,000	2021	35,000
2014	35,000	2022	35,000
2015	35,000	2023	35,000
2016	35,000	2024	5,000
2017	35,000		

If issued as amortization bonds, the Bonds will be issued as a single bond or divided into several bonds, as the Council may determine at the time of the sale, and the principal of and interest on the Bonds shall be payable semiannually in equal payments on each January 1 and July 1, commencing January 1, 2010, and concluding July 1, 2024, unless the Bonds are earlier redeemed. Serial bonds shall be in the denomination of \$5,000 each or any integral multiple thereof of single maturities.

The Bonds shall be issuable only as fully registered bonds and shall be executed by the manual or facsimile signatures of the Mayor, Financial Services Manager and the City Clerk. The Bonds shall be secured by the Revolving Fund.

Section 5. Public Sale. All bids for the Bonds shall be submitted to the Financial Services Manager until 11:30 a.m., MT, on March 23, 2009 at which time bids will be opened or accessed and tabulated by the Financial Services Manager. The tabulation of bids will be presented to the City Council at a regular meeting of this Council on March 23, 2009, at 6:30 p.m., MT. This Council will consider the bids and, if a responsive and acceptable bid is received, award the sale of the Bonds. The City will receive sealed bids for the Bonds and the Bonds will be sold in accordance with the Official Terms and Conditions attached hereto as Exhibit A (which is hereby incorporated and made a part hereof). The Financial Services Manager is hereby authorized and directed to cause notice of the sale to be published, as required by Montana Code Annotated, Sections 7-12-4204, 7-7-4252 and 17-5-106, in *The Billings Times*, once each week for two successive weeks preceding the week which contains the date of sale. The notice of sale shall be published and mailed in substantially the form set forth as Exhibit B to this resolution (which is hereby incorporated herein and made a part hereof) and this Council hereby adopts the terms and conditions set forth in such notice of sale as the terms and conditions of the sale of the Bonds.

Section 6. Informational Materials. The Financial Services Manager and other officers of the City are hereby authorized and directed to prepare and distribute on behalf of the City an Offering Circular or summary of the transaction, to the extent deemed necessary or appropriate.

Passed by the City Council of the City of Billings, Montana, this 23rd day of February, 2009.

ATTEST:

Cari Martin  
Cari Martin, City Clerk



Ed Ulledalen  
Ed Ulledalen, Deputy Mayor

## EXHIBIT A

### TERMS AND CONDITIONS

\$495,000

#### SPECIAL IMPROVEMENT DISTRICT NO. 1384 BONDS CITY OF BILLINGS, MONTANA

NOTICE IS HEREBY GIVEN that the City of Billings, Montana (the "City"), will sell to the lowest responsive bidder for cash, as evidenced by sealed bids, the above-described Bonds drawn against the district fund of Special Improvement District No. 1384 in the aggregate principal amount of \$495,000.

Sealed bids for the purchase of the Bonds will be received at the office of the Financial Services Manager in Billings, Montana, at 1<sup>st</sup> Floor of Park III, at 210 North 27<sup>th</sup> Street, Billings, Montana, until 11:30 a.m., MT, on Monday, March 23, 2009, at which time the bids will be opened or accessed and tabulated. The City Council of the City will meet at 6:30 p.m., MT, on the same day in the Council Chambers to consider the bids and the award of sale of the Bonds and, if a responsive and acceptable bid is received, award the Series 2008 Bonds to the responsive bidder whose bid reflects the lowest true interest cost (TIC) to the City.

#### Purpose and Security

The Bonds will be issued for the purpose of financing the cost of construction of certain local improvements (the "Improvements") within or for the benefit of Special Improvement District No. 1384 (the "District"), in accordance with the provisions of Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended (the "Act"). The Bonds will be special, limited obligations of the City and do not constitute general obligations of the City.

The Bonds are payable primarily from the collection of a special assessment which is a lien against the assessable real property within the District benefited by the Improvements to be undertaken therein or therefor. The special assessments are payable in semiannual installments over a term not exceeding 15 years, each in semiannual installments of principal, plus interest, with unpaid installments of the special assessments bearing interest at a rate equal, from time to time, to the sum of (i) the average rate of interest borne by the then outstanding Bonds, plus (ii) one-half of one percent (0.50%) per annum.

The Bonds are secured by the Special Improvement District Revolving Fund of the City (the "Revolving Fund") into which \$24,750 will be deposited from the proceeds of the Bonds. The City will agree to make a loan from the Revolving Fund to the District Fund to make good any deficiency then existing in the principal and interest accounts therein and to provide funds for the Revolving Fund by levying a tax or making a loan from the City's general fund to the extent and for the period authorized by the Act.

#### Date and Type

The Bonds will be dated, as originally issued, as of April 1, 2009, and will be issued as negotiable investment securities in registered form as to both principal and interest.

#### Maturities and Form

If issued as serial bonds, the Bonds shall mature, subject to redemption, on July 1 in the following years and amounts:

Year	Principal Amount	Year	Principal Amount
2010	35,000	2018	35,000
2011	35,000	2019	35,000
2012	35,000	2020	35,000
2013	35,000	2021	35,000
2014	35,000	2022	35,000
2015	35,000	2023	35,000

2016	35,000	2024	5,000
2017	35,000		

If issued as amortization bonds, the Bonds will be issued as a single bond or divided into several bonds, as the Council may determine, and the principal of the Bonds shall be payable semiannually on each January 1 and July 1, commencing January 1, 2010, and continuing through July 1, 2024, subject to prior redemption. Serial bonds shall be in the denomination of \$5,000 each or any integral multiple thereof of single maturities.

The Bonds shall be issuable only as fully registered bonds and shall be executed by the manual or facsimile signatures of the Mayor, Financial Services Manager and the City Clerk.

### **Redemption**

**Mandatory Redemption.** If on any interest payment date there will be a balance in the District Fund after payment of the principal and interest due on all Bonds drawn against it, either from the prepayment of special assessments levied in the District or from the transfer of surplus money from the Construction Account to the Principal Account, outstanding Bonds, or portions thereof, in an amount which, together with the interest thereon to the interest payment date, will equal the amount of such funds on deposit in the District Fund on that date are subject to mandatory redemption on that interest payment date. The redemption price shall equal the amount of the principal amount of the Bonds to be redeemed plus interest accrued to the date of redemption.

**Optional Redemption.** The Bonds are subject to redemption, in whole or in part, at the option of the City from sources of funds available therefor other than those described under "Mandatory Redemption" and other than from any amounts on deposit in a Reserve Account (e.g., from proceeds of refunding bonds) on the terms of this paragraph. The Bonds with stated maturities on or after July 1, 2018 will be subject to redemption on July 1, 2017, and any date thereafter, at the option of the City, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date, without premium.

**Selection of Bonds for Redemption.** If less than all of the Bonds are to be redeemed, Bonds shall be redeemed in order of the stated maturities thereof. If less than all Bonds of a stated maturity are to be redeemed, the Bonds of such maturity shall be selected for redemption in \$5,000 principal amounts selected by the Registrar by lot or other manner it deems fair.

### **Interest Payment Dates, Rates**

Interest will be payable each January 1 and July 1, commencing January 1, 2010, 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. All Bonds of the same stated maturity must bear interest from the date of original issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 1/8 or 1/20 of 1%. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Individual interest rates may be no higher than 6.50%, with the difference between the highest and lowest rate being no greater than 4.50%. No supplemental or "B" coupons or additional interest certificates will be allowed.

### **Bond Registrar, Transfer Agent and Paying Agent**

The City shall select a bond registrar, transfer agent and paying agent (the "Registrar") in connection with the Bonds. 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.

### **Delivery**

Within 30 days after the sale, the City will deliver to the Registrar the printed Bonds ready for completion and authentication. The original purchaser of the Bonds must notify the Registrar, at least five business days before issuance of the Bonds, of the persons in whose names the Bonds will be initially registered

and the denominations of the Bonds to be originally issued. If notification is not received by that date, the Bonds will be registered in the name of the original purchaser and, if serial bonds, will be issued in denominations corresponding to the principal maturities of the Bonds. On the day of closing, the City will furnish to the purchaser the opinion of Bond Counsel hereinafter described, 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 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 day of closing a certificate, in form satisfactory to Bond Counsel, as to the initial reoffering price of each stated maturity of the Bonds and stating that at least ten percent of the principal amount of such Bonds of each stated maturity has been sold at such respective prices.

#### **Legal Opinion**

An opinion as to the validity of the Bonds and the exclusion of the interest thereon from gross income for federal income tax purposes and Montana individual income tax purposes will be furnished by Dorsey & Whitney LLP, of Missoula, Montana, and Minneapolis, Minnesota, as Bond Counsel. 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.

#### **Type of Bid and Good Faith Deposit**

Sealed for not less than \$495,000 (100% of par) and accrued interest on the principal sum of \$495,000 must be mailed or delivered to the undersigned and must be received at the office of the Financial Services Manager prior to the time stated above. Bidders must bid for all or none of the Bonds. Each bid must be unconditional. Except for a bid by or on behalf of the Board of Investments of the State of Montana, 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 \$9,900 payable to the order of the City is required for a bid to be considered. If money, cashier's check, certified check, bank money order, or bank draft is used, it must accompany the bid and be delivered to the Financial Services Manager. 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 Financial Services Manager, or the City's 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., Mountain Daylight Time, 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 as liquidated damages. The Deposit of the unsuccessful bidders will be returned immediately on award of the Bonds to the purchaser or after rejection of all bids. Instructions for wiring the Deposit may be obtained from the City's Financial Services Manager, Pat Weber, 210 North 27<sup>th</sup> Street, Billings, Montana 59101, telephone (406) 657-8209.

#### **Award**

The City will consider sealed bids. The bid having the lowest true interest cost (TIC) (the net present value of the total interest on all Bonds from April 1, 2009, to their maturities, less any premium or plus any discount), will be deemed the most favorable. In the event that two or more bids state the lowest true interest cost, the sale of the Bonds will be awarded by lot. No oral bid will be considered. The City reserves the rights to reject any and all bids, to waive informalities in any bid and to adjourn the sale.

#### **Informational Materials**

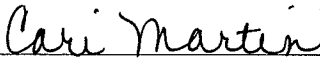
The Financial Services Manager and other officers of the City will prepare and distribute on behalf of the City an Offering Circular or summary of the transaction, to the extent deemed necessary or appropriate.

CUSIP Numbers

The City will assume no fee or obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be assigned and printed at the expense of the purchaser, if the original purchaser waives any delay in delivery occasioned thereby.

Dated: February 23, 2009.

BY ORDER OF THE CITY COUNCIL



Cari Martin, City Clerk  
City of Billings, Montana

## EXHIBIT B

### NOTICE OF BOND SALE

\$495,000

#### SPECIAL IMPROVEMENT DISTRICT NO. 1384 BONDS 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 \$495,000 Special Improvement District No. 1384 Bonds (the "Bonds") through the City Clerk at 210 North 27<sup>th</sup> Street, Billings, Montana, or bids for the purchase of the Bonds will be received at the office of the Financial Services Manager in Billings, Montana, at 1<sup>st</sup> Floor of Park III, at 210 North 27<sup>th</sup> Street, Billings, Montana, until 11:30 a.m., MT, on Monday, March 23, 2009, at which time the bids will be opened or accessed and tabulated. The bids will be presented to the City Council at a regular meeting at 6:30 p.m. on the same day in the Council Chambers, at which time the Council will consider the bids received, and if a responsive and acceptable bid is received, the Council will award sale of the Bonds to the responsive bidder whose bid reflects the lowest true interest cost (TIC).

The Bonds are being issued for the purpose of financing the cost of construction of certain local improvements (the "Improvements"), or reimbursing the City the cost thereof, within Special Improvement District No. 1384 (the "District"); and paying costs associated with the sale and issuance of the bonds. The Bonds shall mature, subject to redemption, on July 1 in the following years and amounts:

Year	Principal Amount	Year	Principal Amount
2010	35,000	2018	35,000
2011	35,000	2019	35,000
2012	35,000	2020	35,000
2013	35,000	2021	35,000
2014	35,000	2022	35,000
2015	35,000	2023	35,000
2016	35,000	2024	5,000
2017	35,000		

The Bonds shall be issuable only as fully registered bonds and shall be executed by the manual or facsimile signatures of the Mayor, Financial Services Manager and the City Clerk. The Bonds shall be secured by the City's Revolving Fund.

Serial bonds shall be in the denomination of \$5,000 each or any integral multiple thereof of single maturities.

The Bonds shall be dated, as originally issued, as of April 1, 2009, and shall bear interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2010, 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. No interest rate may exceed 6.50% per annum, and the difference between the highest and lowest rate of interest may not exceed 4.50% per annum. No supplemental or "B" coupons or additional interest certificates are permitted and rates shall be expressed in integral multiples of 1/8 or 1/20 of one percent per annum. The Bonds with stated maturities on or after July 1, 2018 will be subject to redemption on July 1, 2017, and any date thereafter, at the option of the City, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date, without premium. The Bonds are also subject to mandatory redemption on an interest payment date if the amounts in the District Fund, either from prepayment of assessments or transfers from the Construction Account to the Principal Account, are sufficient to pay outstanding Bonds, or portions thereof, with interest thereon to that interest payment date.



The Bonds will be sold for not less than \$495,000 (100% of par) with accrued interest on the principal amount of the Bonds to the date of their delivery. The Council reserves the right to reject any and all bids, to waive any informality in any bid, and to adjourn the 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 aggregate principal amount of the Bonds (\$9,900) payable 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 Financial Services Manager, Pat Weber, 210 North 27<sup>th</sup> Street, Billings, Montana 59101, telephone (406) 657-8209. Prospective bidders should consult the Official Terms and Conditions of Sale 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, and Minneapolis, Minnesota, as bond counsel.

Dated: February 23, 2009.

BY ORDER OF THE CITY COUNCIL

/s/ Cari Martin  
Cari Martin, City Clerk  
City of Billings, Montana

Publish: 2/ 26/ 2009 and 3/5 2009

