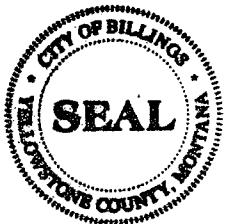


CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

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 POOLED SPECIAL IMPROVEMENT DISTRICT BONDS (SPECIAL IMPROVEMENT DISTRICT NOS. 1372 and 1386), SERIES 2009; FIXING THE FORM AND DETAILS AND PROVIDING FOR THE EXECUTION AND DELIVERY 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 meeting on July 27, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 City Council members voted in favor thereof: Ronquillo, Pitman, Veis, Ruegamer, McCall, Upledger, Astle; voted against the same: \_\_\_\_\_; abstained from voting thereon: \_\_\_\_\_; or were absent: Gagnon, Brewster, Clark.

WITNESS my hand officially this 27<sup>th</sup> day of July, 2009.



Cari Martin  
City Clerk

RESOLUTION NO. 09-18850

RESOLUTION RELATING TO POOLED SPECIAL IMPROVEMENT DISTRICT BONDS (SPECIAL IMPROVEMENT DISTRICT NOS. 1372 and 1386), SERIES 2009; FIXING THE FORM AND DETAILS AND PROVIDING FOR THE EXECUTION AND DELIVERY THEREOF AND SECURITY THEREFOR

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

Section 1. Recitals. It is hereby found, determined and declared as follows:

1.01. Establishment of Special Improvement District Nos. 1372 and 1386.

(a) Intent Resolutions. This Council has duly and validly created and established in the City various special improvement districts (individually a "District" and, collectively, the "Districts"), designated as the following: (i) Special Improvement District No. 1372 ("District No. 1372"); and (ii) Special Improvement District No. 1386 ("District No. 1386"). The City expressed its intention to create each District pursuant to the following resolutions of this City Council: (i) pursuant to Resolution No. 08-18688, adopted on March 10, 2008, with respect to District No. 1372; and (ii) pursuant to Resolution No. 09-18804, adopted on April 13, 2009, with respect to District No. 1386. Resolution No. 08-18688 and Resolution No. 09-18804 are each referred to herein as an Intent Resolution and collectively as the "Intent Resolutions".

The Districts were formed for the purpose of financing certain public improvements, and incidental costs thereto, for the special benefit of the properties located in each of the Districts. Each Intent Resolution designated the number of each District, described the boundaries thereof, stated the general character of the public improvements (the "Improvements") to be made in each District and specially benefiting property located therein, and an estimate of the costs thereof, in accordance with the provisions of Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended (the "Act"). Pursuant to each Intent Resolution, this City Council also declared its intention to cause the cost and expense of making the Improvements to be assessed against the owners of the properties (the "Property Owners") included within the boundaries of each District in accordance with one or more methods of assessment authorized in Sections 7-12-4161 to 7-12-4165 of the Act. Capitalized terms used in this resolution and not defined herein shall have the meanings given them in each Intent Resolution.

In the Intent Resolutions, this City Council further found that it is in the public interest, and in the best interest of the City and the Districts, to secure payment of principal of and interest on the Bonds by the Revolving Fund of the City (the "Revolving Fund"), on the basis of the factors required to be considered under Section 7-12-4225 of the Act. The prior findings with respect to the pledge of the Revolving Fund as security for the Bonds are hereby ratified and confirmed. This City Council, in each Intent Resolution, also declared its intention to reimburse the City for costs paid before issuance of the Bonds, as required by Section 1.150-2 of the Income Tax Regulations promulgated under the Internal Revenue Code of 1986, as amended (the "Code").

(b) Notices. Notices of the passage of each of the Intent Resolutions were given by two publications in *The Billings Times*, the official newspaper of the City and a qualified newspaper of general circulation in the City, as required by the Act. Notice of the passage of each Intent Resolution was also mailed to all persons, firms or corporations or the agents thereof owning real property within the Districts listed in their names upon the last completed assessment roll for State of Montana (the "State"), Yellowstone County (the "County"), and school district taxes, at their last known addresses. The notice of passage of each Intent Resolution, in accordance with the provisions thereof, stated the following: (i) the general character of the Improvements; (ii) the estimated cost of the Improvements; (iii) the method or methods of assessment of such costs against properties in the Districts; (iv) the time when and the place where the City Council would hear and pass upon all protests made against the making of the Improvements or the creation of the Districts; (v) referred to the Intent Resolutions as being on file in the office of the City Clerk for a description of the boundaries of the Districts; and (vi) included a statement that, subject to the limitations of Section 7-12-4222 of the Act, the general fund of the City may be used to provide loans to the Revolving Fund or a general tax levy may be imposed on all taxable property in the City to meet the financial requirements of the Revolving Fund.

(c) Formation of the Districts. At regularly scheduled meetings, this City Council met to hear, consider and pass upon all protests made against the making of the Improvements and the creation of each of the Districts. After the public hearings and deliberations with respect to the formation of each District, this City Council, pursuant a resolution duly adopted of this City Council with respect to each District determined and

declared that insufficient protests against the creation of each of the Districts or the proposed work had been filed in the time and manner provided by law by the owners of the property to be assessed for the Improvements in the Districts. This City Council, in the resolutions with respect to the formation of District No. 1372 and District No. 1386, also confirmed the findings it previously made in the Intent Resolutions with respect to the pledge of the Revolving Fund to the portion of the Bonds allocable to each District. The boundaries of the Districts have not been amended or altered since the passage of the resolutions authorizing their formation.

1.02. Construction Contracts and Related Costs. Plans, specifications, maps, profiles and surveys for construction of the Improvements in each District were prepared by the engineers acting for the City with respect to the Improvements in each District, and were thereupon examined and approved by this City Council. An advertisement for bids for construction of the Improvements in each District was published in *The Billings Times*, the official newspaper of the City, in accordance with the provisions of Section 7-12-4141 of the Act, after which the bids theretofore received were opened and examined. The City subsequently reviewed the bids for the Improvements to each District, and the City subsequently award the contract for construction of the Improvements in each District to the contractor that was determined to be the lowest bidder for the furnishing of all work and material required for constructing the improvements in each District.

Contracts for the construction of the Improvements were therefore awarded to said bidders, subject to the right of owners of property liable to be assessed for the costs thereof to elect to take the work and enter into written contracts therefor in the manner provided by Section 7-12-4147 of the Act, which election the property owners failed to make. Thereafter, the City and the successful bidders for the construction contracts related to the Improvements entered into written contracts for construction of the Improvements upon the bidders having executed and filed bonds satisfactory to this City Council and in the form and manner provided by Montana Code Annotated, Title 18, Chapter 2, Part 2, as amended.

1.03. Costs. It is currently estimated that the total costs and expenses of the Improvements, including the incidental costs, are as set forth in Resolution No. 09-18845, adopted on July 13, 2009. The City currently estimates that the costs and expenses to be assessed against properties benefited by the Improvements in each District for which the City has not already received payment, including costs of preparation of plans, specifications, maps, profiles, engineering superintendence and inspection, preparation of assessment rolls, expenses of making the special assessments, the cost of work and materials under the construction contract and all other costs and expenses, including the deposits of Bond proceeds to the Revolving Fund, are not less than \$509,000. Such amount will be levied and assessed upon the assessable real property within the Districts on the basis described in each Intent Resolution, and the City will not contribute funds to the construction of the Improvements, other than from proceeds of the Bonds.

This City Council has jurisdiction and is required by law to levy and assess \$509,000, together with interest thereon, to collect such special assessments and credit the same to the special improvement District Account (as defined herein) created for each of the Districts, which District Accounts are to be maintained on the official books and records of the City separate from all other City funds, for the payment of principal of and interest due on the Bonds.

1.04. Sale and Issuance of Bonds. For the purpose of financing a portion of the costs and expenses of making the Improvements, which are to be assessed against the Property Owners, this City Council determined that the issuance and sale of the Bonds in a pooled single offering was in the best interests of the City and the Property Owners and would facilitate the sale of the Bonds at lower interest rates. Pursuant to the Authorizing Resolution, this City Council called for the sale of Bonds in the total aggregate amount not to exceed \$509,000, which amount represents Bonds allocable for each District as follows:

<u>District Number</u>	<u>Principal Amount</u>
1372	\$292,000
1386	217,000

Pursuant to the Authorizing Resolution, and as authorized by Montana Code Annotated, Section 7-12-4204, as amended, the City has negotiated the sale of the Bonds to Wells Fargo Brokerage Services, LLC (the "Purchaser"), a division of Wells Fargo Bank, National Association. The Purchaser is authorized to do business in the State of Montana. The Purchaser has agreed to purchase the Bonds from the City at a purchase price of \$499,329 (the original principal amount of \$509,000, less the Purchaser's fee of \$9,671) without accrued interest, at the rate of interest and price set forth in Section 2.01 hereof.

1.05. Recitals. All acts, conditions and things required by the Constitution and laws of the State, including the Act, as amended, in order to make the Bonds valid and binding special obligations in accordance with their 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. Description of the Bonds.

2.01. Principal Amount, Maturities, Denominations, Date, Interest Rates. For the purpose of paying the costs and expenses incurred in construction of the Improvements, and in anticipation of the collection of special assessments to be levied therefor, and in accordance with the proposal described in Section 1.05, the City shall forthwith issue and sell the Bonds to the Purchaser. The Bonds are payable solely from amounts deposited in the Special Improvement District Nos. 1372 and 1386 Debt Service Fund (the "Debt Service Fund") and the District Accounts and subaccounts established therein. The Bonds shall be denominated "Pooled Special Improvement District Bonds (Special Improvement District Nos. 1372 and 1386) Series 2009". The Bonds shall be dated, as originally issued, and be registered as of August 10, 2009, and shall each be in minimum denominations of \$5,000 or any integral multiple thereof. The Bonds shall be issued as a single term bond and shall mature not later than July 1, 2024. The Bonds shall bear interest from the date of original registration until paid or duly called for redemption at the rate of 5.28% per annum.

2.02. Interest Payment Dates. Interest on the Bonds shall be payable on each January 1 and July 1, commencing January 1, 2010 (each a "Payment Date"), to the owners of record thereof as such appear on the bond registrar at the close of business on the fifteenth (15<sup>th</sup>) day of the immediately preceding month, whether or not such day is a business day. Principal of the Bonds shall be paid on each Payment Date, commencing January 1, 2010. Upon the original delivery of the Bonds to the Purchaser and upon each subsequent transfer or exchange of a Bond pursuant to Section 2.04, the Registrar shall date each Bond as of the date of its authentication.

2.03. Method of Payment. The Bonds shall be issued in fully registered form in book-entry only form. The interest on and, upon surrender thereof at the operations center of the Registrar (as hereinafter defined), the principal of each Bond, shall be payable by check or draft drawn on the Registrar.

2.04. Registration. The City hereby appoints Wells Fargo Brokerage Services, LLC, to act as the initial bond 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 (the "Bond Registration Act"). The City agrees to pay the reasonable and customary charges, if any, of the Registrar for services performed with respect to the Bonds. This Section 2.04 shall establish a system of registration for the Bonds as defined by the Bond Registration Act. The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

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

(b) Transfer. Upon surrender for transfer of any Bond 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, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of the transfer of any Bond to be selected or called for redemption. No transfer or exchange of a Bond shall affect its order of registration for purposes of redemption pursuant to Section 2.05 hereof.

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

(d) Cancellation. All Bonds surrendered upon any transfer or exchange shall be promptly canceled by the Registrar. After cancellation the Registrar shall provide a certificate to the City specifying the maturities canceled.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond 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 Bond is at any time registered in the bond register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond 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 upon such Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer of Bonds or exchange of Bonds (except for an exchange upon the partial redemption of any Bond pursuant to Section 2.05 hereof), 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 Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any such Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that such Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar 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. All Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or such Bond has been called for redemption in accordance with its terms, it shall not be necessary to issue a new Bond prior to payment.

2.05. Redemption of the Bonds.

(a) Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption on the dates and at a price of par plus accrued interest to the date of redemption in accordance with Schedule A to the Form of Bonds in Exhibit A attached hereto.

(b) Mandatory Redemption. If on any Payment Date there will be a balance in the Debt Service Fund after payment of the principal and interest due on all Bonds drawn against it, either from (i) the prepayment of special assessments levied in the Districts or (ii) the transfer of surplus money from a Construction Subaccount to a District Account and, subsequently, to the Debt Service Fund, as provided in Section 3.02, then the Financial Services Manager shall call for redemption on the Payment Date outstanding Bonds, or portions thereof, in an amount which, together with the interest thereon to the Payment Date, will equal the amount of such funds on deposit in the Debt Service Fund on that date are subject to mandatory redemption on that Payment Date. The redemption price of the Bonds on such Payment Date shall equal the amount of the principal amount of the Bonds to be redeemed, plus interest accrued to the date of redemption on the applicable Payment Date.

(c) Optional Redemption. The Bonds are subject to redemption, in whole or in part, on July 1, 2014, and any date thereafter, at the option of the City, in whole or in part, from sources of funds available therefor other than those described in Subsection (b) of this Section 2.05, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date, without premium.

(d) Selection of Bonds for Redemption; Partial 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. Upon partial redemption of a Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount thereof outstanding.

(e) Notice and Effect of Redemption. The date of redemption and the principal amount of the Bonds shall be fixed by the Financial Services Manager, who shall give notice thereof to the Registrar forty-five (45) days in advance in order for the Registrar to give notice, by first class mail, postage prepaid, or by other means required by the securities depository, to the owner or owners of such Bonds at their addresses appearing in the bond register, of the numbers of the Bonds or portions thereof to be redeemed and the date on which payment will be made, which date shall be not less than thirty (30) days after the date of mailing notice. On the date so fixed interest on the Bonds or portions thereof so redeemed shall cease.

2.06. Form. The Bonds shall be drawn in substantially the form set forth in Exhibit A hereto, and by this reference made a part hereof, with such modifications as are permitted by the Act.

2.07. Execution, Registration and Delivery. The Bonds shall be prepared under the direction of the Financial Services Manager, or his or her designee, and shall be executed on behalf of the City by the signatures of the Mayor, Financial Services Manager, and the City Clerk, or their respective designees, provided that the signatures and the corporate seal may be printed, engraved or lithographed facsimiles of the originals. The seal of the City need not be impressed or imprinted on any Bond. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, 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. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this resolution unless a certificate of authentication and registration on such Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication and registration on different Bonds need not be signed by the same representative. The executed certificate of authentication and registration on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution. The Bonds shall be registered in order of their serial numbers by the Registrar, as attested by the Certificate of Authentication, as of August 10, 2009. When the Bonds have been so executed, authenticated and registered, they shall be delivered by the Registrar to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed.

2.08. Application of Bond Proceeds. The Purchaser shall not be obligated to see to the application of the purchase price of the Bonds. The City's Financial Services Manager (or his/her designee) shall credit the proceeds of the Bonds (taking into account the Purchaser's discount of \$9,671) as follows:

- (a) \$25,450 to the Revolving Fund, as required by Section 7-12-4169(2) of the Act;
- (b) \$17,815 the General Fund of the City for the City's administration fee with respect to the Districts; and
- (c) \$456,064 to the Construction Subaccounts in each District Account (on a pro-rata basis in accordance with the allocation set forth in Section 1.04 of this resolution) of the Debt Service Fund for the cost of the Improvements and the payment of costs of issuance for the Bonds.

Section 3. Debt Service Fund; Accounts Created Therein; and Special Assessments.

3.01. Debt Service Fund. There is hereby created and established a fund designated as the "Special Improvement District Nos. 1372 and 1386 Fund" (the "Debt Service Fund"), which shall be maintained by the Financial Services Manager on the books and records of the City separate and apart from all other funds of the City. Within the Debt Service Fund there shall be created and maintained separate accounts for each of the Districts and designated as the District No. 1372 Account and the District No. 1386 Account (each a "District Account" and collectively, the "District Accounts"). Within each District Account there shall be maintained three separate subaccounts, designated as the "Construction Subaccount," the "Principal Subaccount" and "Interest Subaccount," respectively.

3.02. Construction Subaccounts. There shall be credited to the Construction Subaccount in each of the District Accounts the pro-rata portion of the proceeds of the sale of the Bonds as provided in Section 2.08. Any earnings on investment of money in the Construction Subaccount shall be retained therein. All costs and expenses of constructing the Improvements to be paid from proceeds of the Bonds shall be paid from time to time as incurred and allowed from the Construction Subaccount in accordance with the provisions of applicable law, and money in the Construction Subaccount shall be used for no other purpose; provided that upon completion of the Improvements and after all claims and expenses with respect to the Improvements have been fully paid and satisfied, any amount of money remaining in the Construction Subaccount shall be transferred to the applicable Principal Subaccount and then to the Debt Service Fund and used to redeem Bonds as provided in Sections 2.05 and 3.03(b).

3.03. Principal Subaccounts and Interest Subaccounts.

(a) Principal Subaccounts and Interest Subaccounts Generally. Money in the Principal Subaccounts and Interest Subaccounts shall be used only for (i) payment of the principal of the Bonds from the Principal Subaccount and interest on the Bonds from the Interest Subaccounts as such payments become due or (ii) to redeem Bonds.

(b) Deposits to Principal Subaccounts and Interest Subaccounts. The Financial Services Manager shall credit on November 30 and May 31 of each year to the applicable Interest Subaccount so much of a special assessment as interest payment and the balance thereof to the applicable Principal Subaccount with respect to the installment of principal of the Bonds due on the special assessments to be levied by the City with respect to the Improvements in each of the Districts. Interest income on money in the Principal Subaccounts and Interest Subaccounts shall be retained therein and used as any other funds therein. Any installment of a special assessment paid prior to its due date with interest accrued thereon to the next succeeding Payment Date shall be credited with respect to principal and interest payments in the same manner as other special assessments are credited to the Principal Subaccounts and Interest Subaccounts. All money in the Principal Subaccounts and Interest Subaccounts shall be used first to pay interest due, and any remaining money shall be used to pay Bonds then due and, if money is available, to redeem Bonds in accordance with Section 2.05(a); provided that any money transferred to the Principal Subaccounts from the Construction Subaccount pursuant to Section 3.02 shall be transferred to the Debt Service Fund and applied to redeem Bonds to the extent possible on the next Payment Date for which notice of redemption may properly be given pursuant to Section 2.05(a). Prior to the applicable Payment Date, the Financial Services

Manager shall transfer the applicable amount from each Principal Subaccount and Interest Subaccount to the Debt Service Fund to make the payment due on the Bonds on such Payment Date. Redemption of Bonds shall be as provided in Section 2.05, and interest shall be paid as accrued thereon to the date of redemption, in accordance with the provisions of Section 7-12-4206 of the Act.

3.04. Loans from Revolving Fund. The City Council shall annually or more often if necessary issue an order authorizing a loan or advance from the Revolving Fund to the Debt Service Fund (Sinking Fund) in an amount sufficient to replenish any deficiency then existing in the Debt Service Fund and shall issue an order authorizing a loan or advance from the Revolving Fund to the Debt Service Fund in an amount sufficient to make good any deficiency then existing in the Debt Service Fund in such order to the extent that money is available in the Revolving Fund. Provided, however, that at the time any such loan or advance is to be made, Reserve Account shall have been or shall remain depleted on the next Payment Date. A deficiency shall be deemed to exist in the Debt Service Fund if the money on deposit therein, on any June 15 or December 15 (excluding amounts in the Debt Service Fund representing prepaid special assessments) is less than the amount necessary to pay Bonds due (other than upon redemption), and interest on all Bonds payable, on the next succeeding Payment Date.

Pursuant to Ordinance No. 1096, as amended, the City has undertaken and agreed to provide funds for the Revolving Fund by levying such tax or making such loan from the General Fund as authorized by Section 7-12-4222 of the Act. In the event that the balance on hand in the Revolving Fund fifteen (15) days prior to any date when interest is due on special improvement district bonds or warrants of the City is not sufficient to make good all deficiencies then existing in the special improvement Debt Service Funds for which the City has covenanted to make loans from the Revolving Fund, the balance on hand in the Revolving Fund shall be allocated to the funds of the special improvement districts in which such deficiencies then exist in proportion to the amounts of the deficiencies on the respective dates of receipt of such money, until all interest accrued on such special improvement district bonds or warrants of the City has been paid. On any date when all accrued interest on special improvement district bonds and warrants of the City payable from funds for which the City has covenanted to make loans from the Revolving Fund has been paid, any balance remaining in the Revolving Fund shall be lent or advanced to the special improvement Debt Service Funds for payment and redemption of bonds to the extent the special improvement Debt Service Funds are deficient for such purpose, and, if money in the Revolving Fund is insufficient therefor, pro rata, in an amount proportionate to the amount of such deficiency.

The City hereby determines, covenants and agrees to levy the property tax described in the immediately preceding paragraph to provide funds for the Revolving Fund so long as any Bonds are outstanding to the extent required under the provisions of this Resolution and the Act, even though such property tax levy may, under applicable law (including SB 184, adopted by the Montana Legislature in 1999) or provisions of the home rule charter of the City, require that property tax levies of the City for other purposes be reduced correspondingly. In addition, the City hereby covenants to comply with the requirements of the Code and the Regulations in order that the Revolving Fund comply and continue to qualify as "reasonably required" debt service reserve fund for the Bonds.

Section 4. Covenants. The City covenants and agrees with the owners from time to time of each of the Bonds that until all the Bonds and interest thereon are fully paid.

4.01. Compliance with Resolution. The City will hold the Debt Service Fund and the Revolving Fund as trust funds, separate and apart from all of its other funds, and the City, its officers and agents, will comply with all covenants and agreements contained in this resolution. The provisions hereinabove made with respect to the Debt Service Fund and the Revolving Fund are in accordance with the undertaking and agreement of the City made in connection with the public offering of the Bonds and the sale of the Bonds as set forth in Section 1.04.

4.02. Construction of Improvements. The City will do all acts and things necessary to enforce the provisions of the construction contracts and bonds referred to in Section 1.03 and to ensure the completion of the Improvements for the benefit of the Districts in accordance with the plans and specifications and within the time therein provided, and will pay all costs thereof promptly as incurred and allowed, out of the Debt Service Fund and within the amount of the proceeds of the Bonds appropriated thereto.

4.03. Levy of Assessments. The City will do all acts and things necessary for the final and valid levy of special assessments upon all assessable real property within the boundaries of the Districts in accordance with the Constitution and laws of the State and the Constitution of the United States, in an aggregate principal amount not less than \$509,000. In addition the levy of special assessments with respect to each of the Districts shall not be less than the amounts set forth in the following table:

District Number	Principal Amount
1372	\$292,000
1386	217,000

The special assessments shall be levied on the basis set forth in each Intent Resolution; and shall be payable in equal, semiannual installments over a period of fifteen (15) years, with interest on the whole amount remaining unpaid at an annual rate equal to the sum of: (i) the average annual interest rate borne by the Bonds, plus (ii) one-half of one percent (0.50%) per annum, interest being payable with principal installments. The special assessments to be levied will be payable on the 30th day of November in each of the years 2009 through 2023, and on the 31st day of May in the years 2010 through 2023, inclusive, if not theretofore paid, and shall become delinquent on such date unless paid in full. The first partial payment of each assessment shall include interest on the entire assessment from the date of original registration of the Bonds to January 1, 2010 and each subsequent partial payment shall include interest for six (6) months on that payment and the then remaining balance of the special assessment. The special assessments shall constitute a lien upon and against the property against which they are made and levied, which lien may be extinguished only by payment of the assessment with all penalties, cost and interest as provided in Section 7-12-4191 of the Act. No tax deed issued with respect to any lot or parcel of land shall operate as payment of any installment of the assessment thereon which is payable after the execution of such deed, and any tax deed so issued shall convey title subject only to the lien of said future installments, as provided in Montana Code Annotated, Section 15-18-214.

4.04. Reassessment. If at any time and for whatever reason any special assessment or tax herein agreed to be levied is held invalid, the City and this City Council, its officers and employees, will take all steps necessary to correct the same and to reassess and re-levy the same, including the ordering of work, with the same force and effect as if made at the time provided by law, ordinance or resolution relating thereto, and will reassess and re-levy the same with the same force and effect as an original levy thereof, as authorized in Section 7-12-4186 of the Act. Any special assessment, or reassessment or re-levy shall, so far as is practicable, be levied and collected as it would have been if the first levy had been enforced including the levy and collection of any interest accrued on the first levy.

If proceeds of the Bonds, including investment income thereon, are applied to the redemption of such Bonds, as provided in Sections 7-12-4205 and 7-12-4206 of the Act, or if refunding bonds are issued and the principal amount of the outstanding Bonds of the Districts is decreased or increased, the City will reduce or increase, respectively, the special assessments levied in the Districts and then outstanding pro rata by the principal amount of such prepayment or the amount above or below the outstanding principal amount of bonds represented by the refunding bonds. The City and this City Council, its officers and employees will reassess and re-levy such special assessments, with the same effect as an original levy, in such reduced or increased amounts in accordance with the provisions of Sections 7-12-4176 through 7-12-4178 of the Act.

4.06. Absence of Litigation. There is now no litigation pending or, to the best knowledge of the City, threatening or questioning: the validity or regularity of the creation of the Districts, the contracts for construction of the Improvements or the undertaking and agreement of the City to levy special assessments therefor and to make good any deficiency in the collection thereof through the levy of taxes for and the making of advances from the Revolving Fund as security for the Bonds; the right and power of the City to issue the Bonds; or in any manner questioning the existence of any condition precedent to the exercise of the City's powers in these matters. If any such litigation should be initiated or threatened, the City will forthwith notify in writing the Purchaser, and will furnish the Purchaser a copy of all documents, including pleadings, in connection with such litigation.

4.07. Waiver of Penalty and Interest. The City covenants not to waive the payment of penalty or interest on delinquent special assessments levied on property in the Districts for costs of the Improvements, unless the City determines, by resolution of the City Council, that such waiver is in the best interest of the owners of the outstanding Bonds.

#### Section 5. Tax Matters.

5.01. Use of Improvements. The Improvements will be owned and operated by the City and available for use by members of the general public on a substantially equal basis. The City shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the Improvements or security for the payment of the Bonds which might cause the Bonds to be considered "private activity bonds" or "private loan bonds" within the meaning of Section 141 of the Code and the applicable Regulations.

5.02. General Covenant. The City covenants and agrees with the owners from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Bonds to become includable in gross income for federal income tax purposes under the Code and applicable Treasury Regulations applicable to the Bonds. By this resolution, the City covenants to take any and all actions within its powers to ensure that the interest on the Bonds will not become includable in gross income for federal income tax purposes under the Code and the applicable Regulations.

5.03. Arbitrage Certification. The Mayor, the City Clerk and the Financial Services Manager, being the officers of the City charged with the responsibility for issuing the Bonds pursuant to this resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code and the Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds, it is reasonably expected that the proceeds of the Bonds will be used in a manner that would not cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations.

5.04. Qualified Tax-Exempt Obligations. In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City makes the following factual statements and representations:

- (a) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;
- (b) the City designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;
- (c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds) which will be issued by the City (and all subordinate entities of the City) during calendar year 2009 will not exceed \$30,000,000; and
- (d) not more than \$30,000,000 of obligations issued by the City during calendar year 2009 have been designated for purposes of Section 265(b)(3) of the Code.

Section 6. Authentication of Transcript. The officers of the City are hereby authorized and directed to furnish to the Purchaser and to bond counsel certified copies of all proceedings relating to the issuance of the Bonds and such other certificates and affidavits as maybe required to show the right, power and authority of the City to issue the Bonds, and all statements contained in and shown by such instruments, including any heretofore furnished, shall constitute representations of the City as to the truth of the statements purported to be shown thereby.

Section 7. Discharge.

7.01. General. When the liability of the City on all Bonds issued under and secured by this resolution has been discharged as provided in this Section 7, all pledges, covenants and other rights granted by this resolution to the owners of such obligations shall cease.

7.02. Payment. The City may discharge its liability with reference to any Bond or installment of interest thereon which is due on any date by on or before that date depositing with the Registrar funds sufficient, or, if a City officer is the Registrar, mailing to the registered owner of such Bond a check or draft in a sum sufficient and providing proceeds available, for the payment thereof in-full, or if any Bond or installment of interest thereon shall not be paid when due, the City may nevertheless discharge its liability with reference thereto by depositing with the Registrar funds sufficient, or, if a City officer is the Registrar, by mailing to the registered owner thereof a check or draft in a sum sufficient and providing proceeds available, for the payment thereof in full with interest accrued to the date of such deposit or mailing.

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

7.04. Escrow. The City may also at any time discharge its liability in its entirety with reference to the Bonds, 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, cash or securities 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 and interest to become due on all Bonds on or before maturity or, if any Bond has been duly called for redemption or notice of such redemption has been irrevocably provided for, on or before the designated redemption date.

7.05. Irrevocable Deposits. If an officer of the City is the Registrar, any deposit made under this Section 7 with the Registrar shall be irrevocable and held for the benefit of the owners of the Bonds in respect of which such deposits have been made.

Section 8. Continuing Disclosure. The Purchaser need not comply with the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), because the Bonds are in a principal amount less than \$1,000,000. Consequently, the City will not enter into any undertaking to provide continuing disclosure of any kind with respect to the Bonds, however, the City shall provide financial information to the Purchaser as the Purchaser reasonably requests.

Section 9. Repeals and Effective Date.

9.01. Repeal. All provisions of other resolutions and other actions and proceedings of the City and this City Council that are in any way inconsistent with the terms and provisions of this resolution are repealed, amended and rescinded to the full extent necessary to give full force and effect to the provisions of this resolution.

9.02. Effective Date. This resolution shall take effect immediately upon its passage and adoption by this City Council.

PASSED by the City Council of the City of Billings, Montana, this 27th day of July, 2009.



CITY OF BILLINGS



Ron Tussing, Mayor

Attest:

Cari Martin  
Cari Martin, City Clerk

EXHIBIT A

UNITED STATES OF AMERICA  
STATE OF MONTANA  
COUNTY OF YELLOWSTONE

CITY OF BILLINGS  
POOLED SPECIAL IMPROVEMENT DISTRICT BONDS  
(SPECIAL IMPROVEMENT DISTRICT NOS. 1372 and 1386)  
SERIES 2009

No. 1 \$509,000

Rate	Maturity	Date of Original Issue
5.28%	July 1, 2024	August 10, 2009

REGISTERED OWNER: WELLS FARGO BROKERAGE SERVICES, LLC

PRINCIPAL AMOUNT: FIVE HUNDRED NINE THOUSAND DOLLARS

FOR VALUE RECEIVED, the City of Billings, Yellowstone County, Montana (the "City"), will pay to the registered owner identified above, or registered assigns, on the maturity date specified above the principal amount specified above, solely from the revenues hereinafter specified, as authorized by Resolution No. 09-18845, adopted on July 13, 2009 (the "Authorizing Resolution"), and Resolution No. 09-18850, adopted on July 27, 2009 (the "Bond Resolution"), all subject to the provisions hereinafter described relating to the redemption of this Bond before maturity. This Bond bears interest at the rate per annum specified above from the date of registration of this Bond, as expressed herein, or from such later date to which interest hereon has been paid or duly provided for, until the maturity date specified above or an earlier date on which this Bond shall have been duly called for redemption by the Financial Services Manager. Interest on this Bond is payable semiannually, commencing January 1, 2010, on the first day of January and the first day of July in each year, to the owner of record of this Bond appearing as such in the bond register as of the close of business on the 15th day (whether or not such is a business day) of the immediately preceding month. Interest on and, upon presentation and surrender hereof to Wells Fargo Brokerage Services, LLC, as bond registrar and paying agent (the "Registrar"), the principal of this Bond are payable by check or draft of the Registrar, or its successor. The principal of and interest on this Bond are payable in lawful money of the United States of America.

The Bonds are issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended (the "Act"), to finance the costs of certain local public improvements (collectively, the "Improvements") for the special benefit of property located in Special Improvement District No. 1372 and 1386 of the City (collectively, the "Districts"). The Bonds are issuable only as fully registered bonds of single maturities in denominations of \$5,000 or any integral multiple thereof.

This Bond is payable from the collection of a special tax or special assessments levied upon all assessable real property within the boundaries of each District, in an aggregate principal amount of not less than \$509,000, except as such amount may be reduced or increased in accordance with provisions of Montana law. Such special assessments constitute a lien against the assessable real estate within the Districts and are to be deposited into the Special Improvement District Nos. 1372 and 1386 Fund of the City (the "Debt Service Fund") and the applicable Principal Subaccount and Interest Subaccount of the District Accounts established therein.

The City has also validly established a Special Improvement District Revolving Fund (the "Revolving Fund") to secure the payment of certain of its special improvement district bonds, including the Bonds. The City has also agreed, to the extent permitted by the Act, to issue orders annually authorizing loans or advances from the Revolving Fund to Debt Service Fund (Sinking Fund), in amounts sufficient to make good any deficiency in the Debt Service Fund to pay principal of or interest on the Bonds to the extent that funds are available in the Revolving Fund, and to provide funds for the Revolving Fund by annually making a tax levy or loan from its general fund in an amount sufficient for that purpose, subject to the limitation that no such tax levy or loan may in any year cause the balance in the Revolving Fund to exceed

five percent of the principal amount of the City's then outstanding special improvement district bonds secured thereby and the durational limitations specified in the Act. The City has also agreed levy the property tax described in the immediately preceding sentence to provide funds for the Revolving Fund so long as any Bonds are outstanding to the extent required under the provisions of this Resolution and the Act, even though such property tax levy may, under applicable law (including SB 184, adopted by the Montana Legislature in 1999) or provisions of the home rule charter of the City, require that property tax levies of the City for other purposes be reduced correspondingly. In addition, the City has covenanted to comply with the requirements of the Code and the Regulations in order that the Revolving Fund comply and continue to qualify as "reasonably required" debt service reserve fund for the Bonds.

The Bonds are subject to mandatory redemption in order of stated maturities and within a stated maturity in \$5,000 principal amounts selected by lot or other manner deemed fair by the Registrar on any Payment Date if, after paying all principal and interest then due on the Bonds, there are funds to the credit of the Debt Service Fund, from the prepayment of special assessments levied in the Districts or from surplus proceeds of the Bonds not required to pay costs of the Improvements, for the redemption thereof, and in the manner provided for the redemption of the same. The Bonds are subject to redemption, at the option of the City, from other sources of funds available therefor on July 1, 2014 or any date thereafter. The redemption price is equal to the principal amount of the Bonds or portions thereof to be redeemed plus interest accrued thereon to the date of redemption. The date of redemption of Bonds and principal amount of Bonds to be redeemed shall be fixed by the Financial Services Manager, who shall give notice thereof to the Registrar forty-five (45) days in advance in order for the Registrar to give notice, by first class mail, postage prepaid, or by other means required by the securities depository, to the owner or owners of such Bonds at their addresses shown on the Bond register, of the Bonds or portions thereof to be redeemed and the date on which payment will be made, which date shall not be less than thirty (30) days after the date of mailing of notice, on which date so fixed interest shall cease. On the date so fixed, interest on the Bonds or portions thereof so redeemed shall cease to accrue. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

As provided in the Bond Resolution and subject to certain limitations set forth therein, this Bond 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 Bonds of other authorized denominations. Upon such transfer or exchange, the City will cause a new Bond or Bonds 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 Bond is registered as the absolute owner hereof, whether this Bond 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.

The City has designated this Bond as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all things required to be done precedent to the issuance of this Bond have been properly done, happened and been performed in the manner prescribed by the laws of the State of Montana and the resolutions and ordinances of the City of Billings, Montana, relating to the issuance thereof; and that the opinion attached hereto is a true copy of the legal opinion given by Bond Counsel with reference to the Bonds, dated the date of original issuance and delivery of the Bonds.

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

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the City of Billings, Yellowstone County, Montana, by its City Council, has caused this Bond to be executed by the facsimile signatures of the Mayor and the City Clerk, and by a facsimile of the official seal of the City.

**CITY OF BILLINGS, MONTANA**

Dated: August 10, 2009

(SEAL)

By \_\_\_\_\_ (facsimile signature)  
Mayor

By \_\_\_\_\_ (facsimile signature)  
Financial Services Manager

By \_\_\_\_\_ (facsimile signature)  
City Clerk

PROVISIONS AS TO REGISTRATION

The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of Wells Fargo Brokerage Services, LLC, in the name of the registered holder last noted below.

Date of Registration	Name and Address of Registered Holder	Signature of Purchaser as Bond Registrar
August 10, 2009	Wells Fargo Brokerage Services, LLC 608 Second Avenue South, 10 <sup>th</sup> Floor MAC 9303-095 Minneapolis MN 55479 Attention: Public Finance	_____ _____ _____

**SCHEDULE A**

## Mandatory Sinking Fund Redemption Schedule

SJD Bond

## City of Billings

## Exhibit A

Costs Funded \$509,000.00	Payment Rate 5.28%	30 Payments 2 per year 5.280% Rate	Level Payment \$24,636.97 Fctr=.048403	Closing Fees \$0.00	Average Life 8.56 years 103 months
			Commencement: Aug 10, 2009		Closing Date: Aug 10, 2009

Pmt	Total Payment Due	Interest Payment Due	Principal Payment Due	After Payment Principal Balance	After Payment Termination Value	Payment Due Date
	\$0.00		\$0.00	\$509,000.00		Aug 10, 2009
1	\$24,636.97	\$10,526.12	\$14,110.85	\$494,889.15	\$494,889.14	Jan 1, 2010
2	\$24,636.97	\$13,065.07	\$11,571.90	\$483,317.24	\$483,317.24	Jul 1, 2010
3	\$24,636.97	\$12,759.58	\$11,877.40	\$471,439.84	\$471,439.84	Jan 1, 2011
4	\$24,636.97	\$12,446.01	\$12,190.96	\$459,248.88	\$459,248.88	Jul 1, 2011
5	\$24,636.97	\$12,124.17	\$12,512.80	\$446,736.08	\$446,736.08	Jan 1, 2012
6	\$24,636.97	\$11,793.83	\$12,843.14	\$433,892.94	\$433,892.93	Jul 1, 2012
7	\$24,636.97	\$11,454.77	\$13,182.20	\$420,710.73	\$420,710.73	Jan 1, 2013
8	\$24,636.97	\$11,106.76	\$13,530.21	\$407,180.52	\$407,180.52	Jul 1, 2013
9	\$24,636.97	\$10,749.57	\$13,887.41	\$393,293.11	\$393,293.11	Jan 1, 2014
10	\$24,636.97	\$10,382.94	\$14,254.04	\$379,039.08	\$379,039.08	Jul 1, 2014
11	\$24,636.97	\$10,006.63	\$14,630.34	\$364,408.73	\$364,408.73	Jan 1, 2015
12	\$24,636.97	\$9,620.39	\$15,016.58	\$349,392.15	\$349,392.15	Jul 1, 2015
13	\$24,636.97	\$9,223.95	\$15,413.02	\$333,979.13	\$333,979.13	Jan 1, 2016
14	\$24,636.97	\$8,817.05	\$15,819.93	\$318,159.20	\$318,159.20	Jul 1, 2016
15	\$24,636.97	\$8,399.40	\$16,237.57	\$301,921.63	\$301,921.63	Jan 1, 2017
16	\$24,636.97	\$7,970.73	\$16,666.24	\$285,255.39	\$285,255.39	Jul 1, 2017
17	\$24,636.97	\$7,530.74	\$17,106.23	\$268,149.16	\$268,149.15	Jan 1, 2018
18	\$24,636.97	\$7,079.14	\$17,557.84	\$250,591.32	\$250,591.32	Jul 1, 2018
19	\$24,636.97	\$6,615.61	\$18,021.36	\$232,569.95	\$232,569.95	Jan 1, 2019
20	\$24,636.97	\$6,139.85	\$18,497.13	\$214,072.83	\$214,072.82	Jul 1, 2019
21	\$24,636.97	\$5,651.52	\$18,985.45	\$195,087.37	\$195,087.37	Jan 1, 2020
22	\$24,636.97	\$5,150.31	\$19,486.67	\$175,600.71	\$175,600.70	Jul 1, 2020
23	\$24,636.97	\$4,635.86	\$20,001.12	\$155,599.59	\$155,599.59	Jan 1, 2021
24	\$24,636.97	\$4,107.83	\$20,529.15	\$135,070.45	\$135,070.44	Jul 1, 2021
25	\$24,636.97	\$3,565.86	\$21,071.11	\$113,999.33	\$113,999.33	Jan 1, 2022
26	\$24,636.97	\$3,009.58	\$21,627.39	\$92,371.94	\$92,371.94	Jul 1, 2022
27	\$24,636.97	\$2,438.62	\$22,198.36	\$70,173.58	\$70,173.58	Jan 1, 2023
28	\$24,636.97	\$1,852.58	\$22,784.39	\$47,389.19	\$47,389.19	Jul 1, 2023
29	\$24,636.97	\$1,251.07	\$23,385.90	\$24,003.29	\$24,003.29	Jan 1, 2024
30	\$24,636.97	\$633.69	\$24,003.29	\$0.00	\$1.00	Jul 1, 2024

BL240-6 (BWJ)  
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