

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 Resolution No. 10-18923, entitled: "RESOLUTION RELATING TO THE CITY'S AIRPORT REVENUE BONDS AND A PROPOSED CAR WASH AND MAINTENANCE FACILITY; SETTING FORTH ITS INTENTION TO REFUND ITS OUTSTANDING SERIES 2000 REVENUE BONDS AND ISSUE ADDITIONAL BONDS TO FINANCE THE COSTS OF THE CAR WASH AND MAINTENANCE FACILITY AS AN ECONOMIC RECOVERY ZONE FACILITY BOND; CALLING A PUBLIC HEARING THEREON; AUTHORIZING THE CITY FINANCIAL SERVICES MANAGER TO SELECT AN UNDERWRITER THROUGH A REQUEST FOR PROPOSAL PROCESS; AND MAKING CERTAIN DECLARATIONS TO SATISFY THE REIMBURSEMENT REGULATIONS OF THE INTERNAL REVENUE CODE" (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 April 12, 2010, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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, Cimmino, McFadden, McCall, Ulledalen, Clark; voted against the same: none; abstained from voting thereon: none; or were absent: Ruegamer, Astle.

WITNESS my hand officially this 12th day of April, 2010.

Cari Martin
City Clerk



RESOLUTION NO. 10-18923

RESOLUTION RELATING TO THE CITY'S AIRPORT REVENUE BONDS AND A PROPOSED CAR WASH AND MAINTENANCE FACILITY; SETTING FORTH ITS INTENTION TO REFUND ITS OUTSTANDING SERIES 2000 REVENUE BONDS AND ISSUE ADDITIONAL BONDS TO FINANCE THE COSTS OF THE CAR WASH AND MAINTENANCE FACILITY AS AN ECONOMIC RECOVERY ZONE FACILITY BOND; CALLING A PUBLIC HEARING THEREON; AUTHORIZING THE CITY FINANCIAL SERVICES MANAGER TO SELECT AN UNDERWRITER THROUGH A REQUEST FOR PROPOSAL PROCESS; AND MAKING CERTAIN DECLARATIONS TO SATISFY THE REIMBURSEMENT REGULATIONS OF THE INTERNAL REVENUE CODE

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

Section 1. Recitals.

1.01. Authorization. The City pursuant to Montana Code Annotated ("M.C.A."), Title 67, Chapter 11, Parts 1-4 as amended (the "Act"), and other laws of the State of Montana, has established and presently owns and operates certain airport facilities (the "Airport"). The Council has elected to exercise the powers of an airport authority under the Act. Under the provisions of the Act, the City is authorized to issue and sell its revenue bonds to provide funds for any of its corporate purposes and to refund its revenue bonds issued for such purpose.

1.02. Outstanding Bonds. In accordance with the authorization described in Section 1.01 and pursuant to Resolution No. 99-17451, adopted on May 17, 1999, the City issued and sold its Airport Revenue Refunding Bonds, Series 2000, in the original aggregate principal amount of \$11,965,000 (the "Series 2000 Bonds"), for the purpose of refinancing the then outstanding principal amount of its \$15,000,000 Airport Revenue Bonds, Series 1990, which were issued to pay a portion of the costs of construction of improvements to the Airport. The Series 2000 Bonds are currently outstanding in the aggregate principal amount of \$7,570,000 (the "Outstanding Bonds"). Based on preliminary analysis, the City's Financial Services Manager and Springsted Inc., the City's financial advisor, are of the opinion that the City could achieve debt service savings through the refunding of the Series 2000 Bonds.

1.03. Proposed Car Wash and Maintenance Facility for Car Rental Concessionaires at the Airport. The Director of Aviation and Transit has determined that it is necessary and desirable that a new car wash and maintenance facility be constructed at the Airport for the use of all rental car concessionaires at the Airport ("On-Airport Rental Car Companies") that enter into an agreement with the City for use of airport facilities (an "On-Airport Rental Car Company Agreement"). The new car wash and maintenance facility, which will be known as the Quick Turn Around Facility (the "QTA Facility"), is estimated to cost approximately \$7,000,000. It is proposed that the City would issue Airport Revenue Bonds to pay the costs of the QTA Facility which would be payable from proceeds derived from the car rental revenues identified in the On-Airport Rental Car Company Agreement and in particular a customer facility fee to be established by an Ordinance of the City (the "QTA Bonds").

1.04. Recovery Zone. The City, pursuant to Resolution 09-18866, has designated the area within the City as a recovery zone suffering from significant poverty, unemployment, rate of home foreclosures, or general distress.

1.05. Recovery Zone Facility Bonds. Under Internal Revenue Service Notice 2009-50, the City has been allocated authority to issue \$26,831,000 of bonds designated as recovery zone facility bonds, and pursuant to Section 1400U-1(a)(3) of the Code, Section 17-5-116, M.C.A., and the Montana Department of Administration's Recovery Zone Bond Allocation Policy, the City has been reallocated authority from Yellowstone County to issue an additional \$9,973,000 of bonds designated as recovery zone facility bonds, such that the City has \$36,804,000 total authority to issue recovery zone facility bonds, of which \$20,000,000 has been previously allocated.

1.06. Application for Recovery Zone Facility Bonds for QTA Facility. The Director of Aviation and Transit has filed an application with the City Financial Services Manager requesting that this Council authorize the issuance of the QTA Bonds as Recovery Zone Facility Bonds to pay the costs of design and construction of the QTA Facility (the "Project") and to pay all costs associated with the sale and issuance of the QTA Bonds, including the establishing of a debt service reserve. It is proposed the principal of and interest on the QTA Bonds

will be paid from a customer facility charge (“CFC”) to be imposed pursuant to City Ordinance (the “CFC Ordinance”) and collected by the On-Airport Rental Car Companies.

It is anticipated that the CFC Ordinance will be presented and considered by this Council on first reading on June 14, 2010. The Director of Aviation and Transit represents that the On-Airport Rental Car Companies are supportive of the construction of the QTA Facility and the imposition of the CFC.

1.07. Airport Revenue Bonds. Airport Revenue Bonds issued to finance the QTA Facility may be issued as Recovery Zone Facility Bonds under Section 1401 of the American Recovery and Reinvestment Act of 2009 (the “ARRA”), as codified at Sections 1400U-1 through 1400U-3 of the Internal Revenue Code of 1986, as amended (the “Code”).

1.08. Underwriter Selection. Pending further consideration of the CFC Ordinance, it is necessary and desirable for the City to proceed to select an underwriter to underwrite airport revenue bonds to refund the Outstanding Bonds (the “Refunding Bonds”) and to underwrite the QTA Bonds and provide the necessary financial advice with respect to the CFC Ordinance and the marketability of the Refunding Bonds and the QTA Bonds.

Section 2. Finding and Determinations.

2.01. Preliminary Findings With Respect To QTA Project And QTA Bonds. Based on authorizations and recitations in Section 1, the Council hereby makes preliminary findings, determinations and declarations, subject to final findings, determinations and declarations following the public hearing called pursuant to Section 2.03, as follows:

- The Project, as proposed, is an authorized project and eligible for financing under the Act and in accordance with Sections 1400U-1 and 1400U-3 of the Code, and the City is authorized to issue airport revenue bonds to defray the costs of designing, constructing, furnishing and equipping the Project and expenses incident to the issuance of the Bonds, including any security for the Bonds.
- The growth and viability of the Airport and its continued modernization is critical to the economic development of the City and the County.
- On-Airport Rental Car Companies operating at the Airport provide a significant amount of revenue for the Airport.
- In preliminarily authorizing the Project and the issuance of the QTA Bonds, the City’s purpose is and the effect thereof will be to promote the public welfare of the City and its residents by preserving and creating jobs and promoting economic recovery.
- Given the private business use of the QTA Facility, it could not be financed from the proceeds of tax exempt bonds other than as Recovery Zone Facility Bonds.
- The undertaking of the Project and the issuance of the QTA Bonds as Recovery Zone Facility Bonds will be in the public interest.
- Constructing the Project at an alternative site at the Airport will free up Airport property with taxiway and runway access which could be developed for an aviation related business.

2.02. Preliminary Approval. This Council hereby gives preliminary approval to the Project and the issuance of the QTA Bonds in the approximate aggregate principal amount of \$7,000,000 and the designation of the QTA Bonds as Recovery Zone Facility Bonds under Section 1400U-3 of the Code, subject to final approval following the public hearing provided for in Section 2.03, and subject to final determination by this Council that the financing of the Project and the issuance of the QTA Bonds are in the best interest of the City.

2.03. Public Hearing. Section 147(f) of the Code requires that, prior to the issuance of the QTA Bonds as Recovery Zone Facility Bonds, a public hearing duly noticed, shall be held by this Council on the proposed Project and the issuance of the Bonds to finance the costs thereof. Pursuant to such authority, a public hearing thereon shall be called and shall be held in conjunction with the hearing on the CFC Ordinance, in the Council Chambers on the second floor of the Police Facility, 220 N. 27th Street, Billings, Montana. The notice of public hearing shall be published twice with at least six days separating each publication, the last publication of which must be no fewer than six days prior to the public hearing, in a newspaper of general circulation in the City.

Section 3. Authorization to Proceed with RFP for Underwriter.

3.01. Pursuant to Section 67-11-303, M.C.A., the City is authorized to sell airport revenue bonds at public or private sale. Based upon the complexities and timing of issuing Refunding Bonds and the use of the CFCs as a source of repayment for the QTA Bonds, Springsted, Inc., of St. Paul, Minnesota ("Springsted"), the City's Financial Advisor and the City Financial Services Manager have recommended a negotiated sale of the Refunding Bonds and the QTA Bonds. This Council hereby confirms a negotiated sale to be in the City's best interest.

3.02. The City Financial Services Manager, in consultation with Springsted, is authorized to prepare and submit a request for proposals ("RFP") for underwriters for the Refunding Bonds and the QTA Bonds.

3.03. Upon receipt of responses to the RFPs, the City Financial Services Manager, in consultation with Springsted, is hereby authorized to select an underwriter for the Refunding Bonds and the QTA Bonds.

Section 4. Reimbursement; Official Intent Declaration.

4.01. The City proposes to design and construct the Project.

4.02. Other than (i) expenditures to be paid or reimbursed from sources other than the QTA Bonds, (ii) expenditures permitted to be reimbursed under the transitional provision contained in Section 1.150-2(j)(2) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a "de minimis" amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures for the Project have heretofore been paid by the City and no expenditures will be paid by the City until after the date of this Resolution.

4.03. The City reasonably expects to reimburse some or all of the expenditures made for costs of the Project out of the proceeds of debt to be issued in an estimated maximum aggregate principal amount of \$7,000,000 (the "QTA Bonds") after the date of payment of all or a portion of the costs of the Project. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the Bonds or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations.

Section 5. Budgetary Matters. As of the date hereof, there are no City funds reserved, allocated on a long-term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures related to the Project, other than pursuant to the issuance of the QTA Bonds. The statement of intent contained in this Resolution, therefore, is determined to be consistent with the City's budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof.

Section 6. Reimbursement Allocations. The City Financial Services Manager shall be responsible for making the "reimbursement allocations" described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the QTA Bonds to reimburse the source of temporary financing used by the City to make prior payment of the costs of the Project. Each allocation shall be evidenced by an entry on the official books and records of the City maintained for the QTA Bonds or the Project and shall specifically identify the actual original expenditure being reimbursed.

PASSED AND APPROVED by the City Council of the City of Billings, Montana, this 12th day of April, 2010.



CITY OF BILLINGS

BY Thomas W. Hanel, Mayor
Thomas W. Hanel, Mayor

Attest: Cari Martin
Cari Martin, City Clerk