

## 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 the resolution, entitled: "RESOLUTION RELATING TO GENERAL OBLIGATION REFUNDING BONDS, SERIES 2010; AUTHORIZING THE ISSUANCE AND CALLING FOR THE SALE 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 meeting on July 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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, Ruegamer, McCall, Ulledalen, Clark; voted against the same: none; abstained from voting thereon: none; or were absent: Astle.

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

(SEAL)



Cari Martin  
Cari Martin, City Clerk

RESOLUTION NO. 10-18967

RESOLUTION RELATING TO GENERAL OBLIGATION  
REFUNDING BONDS, SERIES 2010; AUTHORIZING THE  
ISSUANCE AND CALLING FOR THE SALE THEREOF

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

Section 1. Recitals. At an election duly called and held on November 2, 1999, the electors of the City authorized the issuance and sale of general obligation bonds in the principal amount of \$1,700,000. Pursuant to such authorization, this Council issued and sold general obligation bonds of the City denominated "General Obligation Bonds, Series 2000," in the original aggregate principal amount of \$1,700,000 (the "Series 2000 Bonds"). The Series 2000 Bonds are currently outstanding in the aggregate principal amount of \$1,105,000.

Section 2. Authorization. For the purposes of reducing the interest cost on the bonds authorized at the election referred to in Section 1 and reducing the taxes necessary to pay the principal of and interest on the Series 2000 Bonds, it is hereby determined that it is in the best interests of the City and the owners of taxable property therein for the City to sell its general obligation refunding bonds, pursuant to Montana Code Annotated, Title 7, Chapter 7, Part 43, as amended, in order to refund in advance of their stated maturities the Series 2000 Bonds outstanding in the aggregate principal amount of \$1,105,000 with stated maturities in the years 2011 through 2020 (the "Refunded Bonds"). Such refunding bonds shall be denominated "General Obligation Refunding Bonds, Series 2010" (the "Bonds"), and shall be issued in the aggregate principal amount of \$1,110,000, subject to adjustment as provided in the Official Terms and Conditions hereinafter approved.

Section 3. Sale of Bonds. Pursuant to Montana Code Annotated, Section 7-7-4302, as amended, this Council hereby determines that it would be in the best interests of the City to sell the Bonds at a public, competitive sale.

Section 4. Terms of the Bonds. Pursuant to the authority described in Section 3, this Council hereby authorizes the issuance and sale of the Bonds of the City in the aggregate principal amount of \$1,110,000, subject to adjustment as hereinafter provided, for the purpose of providing funds to be used, with other available funds, to refund the Refunded Bonds and paying costs associated with the sale and issuance of the Bonds. The Bonds shall be dated, as originally issued, as of August 15, 2010, and shall bear interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2011, at a rate or rates designated by the successful bidder at public sale and approved by this Council; provided that while interest rates are not required to be in level or ascending order, the rate of interest on any principal stated maturity of the Bonds may not be more than one percent (1%) lower than the highest rate of interest on any of the preceding principal stated maturities of the Bonds, and no supplemental or additional interest shall be permitted. The Bonds shall be offered and sold in accordance with the terms and conditions of sale which are set forth on Exhibit A hereto (the "Official Terms and Conditions"), which is incorporated by reference and made a part hereof.

The Bonds shall mature, subject to redemption as hereinafter provided, on July 1 in each of the following years and amounts (unless combined into one or more term bonds):

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2011	\$105,000	2016	\$115,000
2012	105,000	2017	115,000
2013	105,000	2018	115,000
2014	105,000	2019	115,000
2015	105,000	2020	125,000

As provided more particularly in the Official Terms and Conditions, the City reserves the right, after bids are opened and prior to award, to increase or reduce the aggregate principal amount of the Bonds and to increase or reduce the principal amount of Bonds that matures in any year, but in no event (except as provided in the following sentence) will the principal amount of the Bonds be in excess of the amount necessary to achieve the refunding and pay associated costs of issuance. Any such increase or reduction will be made in a multiple of \$5,000 as to any stated maturity.

Bidders will have the option of combining the stated principal maturities of the Bonds into one or more term bonds. If any Bonds are issued as term bonds, such term bonds will be subject to annual mandatory sinking fund redemption in the principal amounts set forth in the foregoing schedule on each July 1, concluding no later than 2020, at a redemption price equal to the principal amount of such Bonds or portions thereof to be redeemed with interest accrued thereon and payable on January 1 and July 1 to the redemption date, in installments and in the same amounts and on the same dates as the Bonds would have matured if they were not included in a term bond.

The Bonds will not be subject to optional redemption by the City prior to their stated maturities.

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

**Section 5. Public Sale.** Bids for the purchase of the Bonds shall be considered at a regular meeting of this Council on August 9, 2010 at 11:00 a.m., M.T. Bids for the Bonds may be submitted by written sealed bids or by electronic transmission through Parity™. The City will receive sealed bids or bids transmitted through Parity™ in accordance with the Official Terms and Conditions. The City Clerk is hereby authorized and directed to cause notice of the sale to be published, as required by Montana Code Annotated, Sections 7-7-4302, 7-7-4252 and 17-5-106, in *The Billings Times*, a newspaper of general circulation in Yellowstone County, Montana, once each week for two successive weeks preceding the week which contains the date of sale. The notice of sale shall be published in substantially the form set forth as Exhibit B to this resolution, which is hereby incorporated herein and made a part hereof.

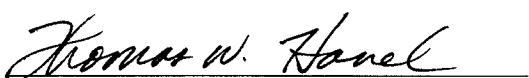
Section 6. Preliminary Official Statement. The Financial Services Manager and other officers of the City, in cooperation with Springsted Incorporated, of St. Paul, Minnesota, financial consultants to the City, are hereby authorized and directed to prepare on behalf of the City a preliminary official statement to be distributed to potential purchasers of the Bonds, to be finalized as an official statement. Such preliminary official statement shall contain the Official Terms and Conditions and such other information as shall be advisable and necessary to describe accurately the City and the security for, and terms and conditions of, the Bonds. The Financial Services Manager is authorized on behalf of the City to deem the preliminary official statement near "final" as of its date, in accordance with Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934.

Section 7. Continuing Disclosure. In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), the City will covenant and agree, for the benefit of the registered holders and beneficial owners from time to time of the outstanding Bonds, in the resolution prescribing the terms of the Bonds, to provide annual reports of specified information and notice of the occurrence of certain events, if material. The City is the only "obligated person" in respect of the Bonds within the meaning of the Rule for the purposes of disclosing information on an ongoing basis. A description of the undertaking is set forth in the Official Statement. Failure of the City to enter into an undertaking substantially similar to that described in the Official Statement would relieve the successful bidder of its obligation to purchase the Bonds. The City has complied in all material respects with any undertaking previously entered into by it under the Rule.

Adopted by the City Council of City of Billings, Montana, on this 12th day of July, 2010.



CITY OF BILLINGS

  
Thomas W. Hanel  
Thomas W. Hanel, Mayor

Attest: Cari Martin  
Cari Martin, City Clerk

## EXHIBIT A

### TERMS AND CONDITIONS OF SALE

\$1,110,000  
General Obligation Refunding Bonds, Series 2010  
City of Billings, Montana

NOTICE IS HEREBY GIVEN by the City Council (the "Council") of City of Billings, Montana (the "City"), that the City will receive sealed bids for the purchase of general obligation refunding bonds in the total principal amount of \$1,110,000 (the "Bonds"), in the City Clerk's office, 1<sup>st</sup> Floor of Park III, at 210 North 27<sup>th</sup> Street, Billings, Montana, or bids for the purchase of the Bonds will be received by electronic transmission through Parity™, in either case until 11:00 a.m., M.T., on August 9, 2010, 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., M.T., on the same day in Council Chambers, 2<sup>nd</sup> Floor of the Police Facility, 220 North 27<sup>th</sup> Street, Billings, Montana, to consider the bids, and if a responsive and acceptable bid is received, award sale of the Bonds to the responsive bidder whose bid reflects the lowest true interest cost ("TIC"), as calculated by the City's Financial Advisor and before adjustment of the principal amount and maturity schedule of the Bonds as hereinafter permitted.

### THE BONDS

The Bonds will bear an original issue date of August 15, 2010, and will bear interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2011, 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, at a rate or rates designated by the successful bidder at public sale and approved by the Council; provided that while interest rates are not required to be in level or ascending order, the rate of interest on any principal stated maturity of the Bonds may not be more than one percent (1%) lower than the highest rate of interest on any of the preceding principal stated maturities of the Bonds, and no supplemental or additional interest shall be permitted. Interest rates shall be expressed in integral multiples of 5/100<sup>th</sup> or 1/8 of 1%. All Bonds of the same stated maturity must bear interest from date of original issue until paid at a single, uniform rate. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds shall mature on July 1 in each of the following years and amounts (unless combined into one or more term bonds):

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2011	\$105,000	2016	\$115,000
2012	105,000	2017	115,000
2013	105,000	2018	115,000
2014	105,000	2019	115,000

2015	105,000	2020	125,000
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The City reserves the right, after bids are opened and prior to award, to increase or reduce the aggregate principal amount of the Bonds and to increase or reduce the principal amount of Bonds that mature in any year, but in no event (except as provided in the following sentence) will the principal amount of the Bonds be in excess of the amount necessary to achieve the refunding and pay associated costs of issuance. Any such increase or reduction will be made in a multiple of \$5,000 as to any stated maturity. Comparison of bids will be as provided in the first paragraph above.

Bidders will have the option of combining the stated principal maturities of the Bonds into one or more term bonds. If any Bonds are issued as term bonds, such term bonds will be subject to annual mandatory sinking fund redemption in the principal amounts set forth in the foregoing schedule on each July 1, concluding no later than 2020, at a redemption price equal to the principal amount of such Bonds or portions thereof to be redeemed with interest accrued thereon and payable on January 1 and July 1 to the redemption date, in installments and in the same amounts and on the same dates as the Bonds would have matured if they were not included in a term bond.

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

The Bonds will not be subject to optional redemption by the City prior to their stated maturities.

#### BOOK ENTRY

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity, through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

#### PURPOSE AND SECURITY

The Bonds will be issued for the purpose of refunding the City's General Obligation Bonds, Series 2000, with stated maturities in 2011 and thereafter, and paying costs associated with the sale and issuance of the Bonds and the refunding, in accordance with the

provisions of Montana Code Annotated, Title 7, Chapter 7, Part 43, as amended. The Bonds will be general obligations of the City to the payment of which the full faith, credit and taxing power of the City will be pledged. Bidders should consult a copy of the Preliminary Official Statement for a discussion of the security for the Bonds and the form of opinion of bond counsel relating to the Bonds.

## CONTINUING DISCLOSURE

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), the City will covenant and agree, for the benefit of the registered holders and beneficial owners from time to time of the outstanding Bonds, in the resolution prescribing the terms of the Bonds, to provide annual reports of specified information and notice of the occurrence of certain events, if material. The City is the only "obligated person" in respect of the Bonds within the meaning of the Rule for the purposes of disclosing information on an ongoing basis. A description of the undertaking is set forth in the Official Statement. Failure of the City to enter into an undertaking substantially similar to that described in the Official Statement would relieve the successful bidder of its obligation to purchase the Bonds.

## QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will be designated or deemed designated by the City as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and financial institutions described in Section 265(b)(5) of the Code may treat the Bonds for purposes of Sections 265(b)(2) and 291(e)(1)(B) of the Code as if they were acquired on August 7, 1986.

## BIDDING AND SALE PROCEDURES

**Submission of Bids.** Bids may be transmitted electronically through Parity™ in accordance with these terms and conditions. Bids not received electronically through Parity™ must be on the Official Bid form, a copy of which may be obtained from the Financial Advisor and enclosed in a sealed envelope marked as follows: "Bid for \$1,110,000 General Obligation Refunding Bonds, Series 2010, City of Billings, Montana" and delivered to the City Clerk. Each envelope when delivered must indicate on the outside the name and address of the bidder, or in the case of a group of bidders, of the representative. The bids shall be transmitted electronically through Parity™ or delivered to the City Clerk, in either case for receipt by no later than 11:00 a.m., M.T., on August 9, 2010.

**Basis of Award.** The Bonds will be sold for not less than \$1,100,010 (99.1% of par), with accrued interest to the date of delivery, and all bidders must state the lowest rate or rates of interest at which they will purchase the Bonds at par. In the event the principal amount of the Bonds is adjusted, any premium offered or discount taken by the successful bidder will be increased or reduced by a percentage equal to the percentage by which the principal amount of the Bonds is increased or reduced. Bids will be compared on the basis of true interest cost ("TIC") and awarded to the responsive bidder whose bid reflects the lowest "TIC," in the

manner described in the initial paragraph above. The TIC is the net present value of total interest on all Bonds from their dated date to their maturities, less any premium or plus any discount. In the event that two or more bids state the lowest true interest cost, the sale of the Bonds will be awarded by lot. The City will accept sealed bids or bids transmitted electronically through the Parity™ system only. The City reserves the right to reject any and all bids and to sell the Bonds at private sale and to waive any informality and irregularity in any and all bids. Each bid must be unconditional (or conditioned on only those items specified in these Official Terms and Conditions of Sale). No bid may be altered or withdrawn after the time specified above for opening bids without the express consent of the Council.

**Electronic Transmission.** To the extent any instructions or directions set forth in Parity™ conflict with these Terms and Conditions of Sale, the terms of these Terms and Conditions of Sale shall control. For further information about Parity™, potential bidders may contact the Financial Advisor, Springsted Incorporated at (651) 223-3000 (Bond Services Division), or Parity™ at (212) 849-5021. In the event of a malfunction in the electronic bidding process, bidders may submit their bids by sealed bid including facsimile transmission to the City's Financial Services Manager, Pat Weber, at facsimile number (406) 247-8608 (phone (406) 657-8209) or to Springsted Incorporated at facsimile number (651) 223-3046 (phone (651) 223-3000).

**Good Faith Deposit.** A good faith deposit (the "Deposit") in the amount of \$22,200 in the form of money, cashier's check, certified check, bank money order, 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 \$22,200 for the Bonds payable to the order of the City of Billings, Montana, or wire transfer as instructed by the City or its Financial Advisor in the foregoing amount is required for each bid to be considered. If money, cashier's check, certified check, bank money order, or bank draft is used, it must accompany each bid and be delivered to the City Clerk. 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 City Clerk prior to the opening of the bids. If wire transfer is used, the funds must be received and immediately available prior to or simultaneously with the receipt of the bid. Contemporaneously with such wire transfer, the bidder shall send an e-mail to [bond\\_services@springsted.com](mailto:bond_services@springsted.com), including the following information; (i) indication that a wire transfer has been made, (ii) the amount of the wire transfer, (iii) the issue to which it applies, and (iv) the return wire instructions if such bidder is not awarded the bid. 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 11:00 A.M., M.T., 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 sale of the Bonds 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) or from the City's Financial Advisor, Springsted Incorporated, 380 Jackson Street, Suite 300, St. Paul, Minnesota 55101-2887, (651) 223-3000.

BOND REGISTRAR, TRANSFER AGENT  
AND PAYING AGENT

The City will designate and contract with a suitable bank or trust company to act as bond registrar, transfer agent and paying agent (the "Registrar"). 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.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exclusion from gross income for federal income tax purposes and Montana individual income tax purposes of the interest thereon will be furnished by Dorsey & Whitney LLP, of Missoula, Montana, and Minneapolis, Minnesota, as Bond Counsel. The legal opinion will be delivered at the time of closing. The legal opinion will state that the Bonds are valid and binding general 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.

DELIVERY

Within 40 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 will be issued in denominations corresponding to the principal maturities of the Bonds. The City will furnish to the purchaser the opinion of Bond Counsel described above, 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 best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City in immediately available funds at its designated depositary on the day of closing. The successful bidder shall submit to the City Finance Director not earlier than 48 hours after the award of sale and not later than the date of closing a certificate, in form satisfactory to Bond Counsel, as to the initial reoffering prices of each stated maturity of the Bonds and stating that at least ten percent of the principal amount of the Bonds of each stated maturity has been sold at such prices.

OFFICIAL STATEMENT

The City will prepare an Official Statement relating to the Bonds. The City will deliver, at closing, a certificate executed by the Mayor, Financial Services Manager, and the City Clerk to the effect that, to the best of their knowledge, as of the date of closing, the information contained in the Official Statement, including any supplement thereto, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading; provided that no comment will be made with respect to any information provided by the successful bidder for inclusion in any supplement to the Official Statement.

By submitting a bid for the Bonds, the successful bidder agrees: (1) to disseminate to all members of the underwriting syndicate copies of the Official Statement, including any supplements prepared by the City, (2) to file promptly a copy of the Official Statement, including any supplement prepared by the City, with a nationally recognized municipal securities repository, and (3) to take any and all other actions necessary to comply with applicable rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board governing the offering, sale and delivery of the Bonds to ultimate purchasers.

Within seven business days after the sale the City will furnish to the successful bidder without charge up to 50 copies of the final Official Statement relating to the Bonds. The successful bidder must notify the City Clerk in writing within two business days after the award of sale of the Bonds if it requires additional copies of the Official Statement. The cost of additional copies shall be paid by the successful bidder.

#### COSTS; CUSIP NUMBERS

The City will pay for the cost of the financial advisor, bond counsel, rating agency fees, printing of the bonds and the fees and charges of the Registrar. The City will apply for CUSIP numbers but will assume no cost or obligation for the printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon.

#### RATING

The City will apply for and obtain a rating on the Bonds from Moody's Investors Service. Rating agency fees of Moody's will be the responsibility of the City.

BY ORDER OF THE CITY COUNCIL

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City Clerk

## EXHIBIT B

### NOTICE OF BOND SALE

\$1,110,000

General Obligation Refunding Bonds, Series 2010  
City of Billings, Montana

NOTICE IS HEREBY GIVEN that the City Council (the "Council") of City of Billings, Montana (the "City"), will receive sealed bids for the purchase of General Obligation Refunding Bonds, Series 2010, in the aggregate principal amount of \$1,110,000, subject to adjustment as hereinafter provided (the "Bonds"), in the City Clerk's office, 1<sup>st</sup> Floor of Park III, at 210 North 27<sup>th</sup> Street, Billings, Montana, 59103, or bids for the purchase of the Bonds will be received by electronic transmission through Parity™, in either case until 11:00 a.m., M.T., on August 9, 2010, at which time the bids will be opened or accessed and tabulated. The Council will meet at 6:30 p.m., M.T., on the same day in the City Council Chambers to consider the bids. The Bonds will be awarded to the responsive bidder whose bid reflects the lowest true interest cost ("TIC"), as calculated by the City's Financial Advisor and before adjustment of the principal amount and maturity schedule of the Bonds as hereinafter permitted.

The Bonds are being issued for the purpose of refunding in advance of their stated maturities the City's outstanding General Obligation Bonds, Series 2000 and to pay costs of issuance of the Bonds. The Bonds shall mature on July 1 in each of the following years and amounts (unless combined into one or more term bonds):

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2011	\$105,000	2016	\$115,000
2012	105,000	2017	115,000
2013	105,000	2018	115,000
2014	105,000	2019	115,000
2015	105,000	2020	125,000

The City reserves the right, after bids are opened and prior to award, to increase or reduce the aggregate principal amount of the Bonds and to increase or reduce the principal amount of Bonds that mature in any year, but in no event (except as provided in the following sentence) will the principal amount of the Bonds be in excess of the amount necessary to achieve the refunding and pay associated costs of issuance. Any such increase or reduction will be made in a multiple of \$5,000. Comparison of bids will be as provided in the first paragraph above.

Bidders will have the option of combining the stated principal maturities of the Bonds into one or more term bonds. If any Bonds are issued as term bonds, such term bonds will be subject to annual mandatory sinking fund redemption in the principal amounts set forth in the foregoing schedule on each July 1, concluding no later than 2020, at a redemption price equal to the principal amount of such Bonds or portions thereof to be redeemed with interest accrued thereon and payable on January 1 and July 1 to the redemption date, in installments and in the same amounts and on the same dates as the Bonds would have matured if they were not included in a term bond.

The Bonds will not be subject to optional redemption by the City prior to their stated maturities. The Bonds will be issued in "book entry" only form.

The Bonds will bear an original issue date of August 15, 2010, and will bear interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2011, 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, at a rate or rates designated by the successful bidder at public sale and approved by the Council; provided that while interest rates are not required to be in level or ascending order, the rate of interest on any principal stated maturity of the Bonds may not be more than one percent (1%) lower than the highest rate of interest on any of the preceding principal stated maturities of the Bonds, and no supplemental or additional interest shall be permitted. Interest rates shall be expressed in integral multiples of 5/100<sup>th</sup> or 1/8 of 1%. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity.

The City will designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Bonds will be sold for not less than \$1,100,010 (99.1% of par) with accrued interest on the principal amount of the Bonds to the date of their delivery. In the event the principal amount of the Bonds is adjusted, any premium offered or discount taken by the successful bidder will be increased or reduced by a percentage equal to the percentage by which the principal amount of the Bonds is increased or reduced. The Council reserves the right to reject any and all bids, to waive any informality in any bid, and to sell the Bonds at private sale.

A good faith deposit in the amount of \$22,200 in the form of money, cashier's check, certified check, bank money order, 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 \$22,200 payable to the order of the City of Billings, Montana, or wire transfer, is required for each bid to be considered, as further specified in the Official Terms and Conditions of Sale.

Copies of a statement of the Official Terms and Conditions of Sale and additional information may be obtained from Springsted Incorporated, 380 Jackson Street, Suite 300, St. Paul, Minnesota 55101-2887, (651) 223-3000. Prospective bidders should consult the Official Terms and Conditions of Sale and the Preliminary Official Statement for a description of the Bonds, the security therefor, and the form of legal opinion proposed to be rendered by Dorsey & Whitney LLP, of Missoula, Montana, as bond counsel. To the extent any instructions or directions set forth in Parity<sup>TM</sup> conflict with this Notice of Bond Sale, the terms of this Notice of Bond Sale shall control. For further information about Parity<sup>TM</sup>, potential bidders may contact the Financial Advisor, Springsted Incorporated at (651) 223-3000 (Bond Services Division), or Parity<sup>TM</sup> at (212) 849-5021. In the event of a malfunction in the electronic bidding process, bidders may submit their bids by sealed bid including facsimile transmission to the City's Financial Services Manager, Pat Weber, at facsimile number (406) 247-8608 (phone (406) 657-8209) or to Springsted Incorporated at facsimile number (651) 223-3046 (phone (651) 223-3000).

Dated: July 12, 2010.

BY ORDER OF THE CITY COUNCIL

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City Clerk

Publish: July 22, 2010  
July 29, 2010