

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 THE CITY OF BILLINGS AIRPORT; PRESCRIBING TERMS AND CONDITIONS FOR THE ISSUANCE OF AIRPORT REVENUE REFUNDING BONDS, SERIES 2010A, TO REFUND THE AIRPORT REVENUE BONDS AND FIXING THE TERMS AND CONDITIONS THEREOF; CREATING SPECIAL FUNDS AND ACCOUNTS AND PLEDGING CERTAIN REVENUES AS SECURITY FOR BONDS" (the "Resolution"), on file in the original records of the Council in my legal custody; that the Resolution was duly adopted by the Council at a meeting on July 26, 2010, and that the meeting was duly held by the 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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, Cimmino, McFadden, Ruegamer, Ulledalen, Astle, Clark; voted against the same: none; abstained from voting thereon: none; or were absent: Pitman, McCall.

WITNESS my hand and seal officially this 26th day of July, 2010.

(SEAL)



Cari Martin  
Cari Martin, City Clerk

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RESOLUTION NO. 10-18970

RESOLUTION RELATING TO THE CITY OF BILLINGS AIRPORT; PRESCRIBING TERMS AND CONDITIONS FOR THE ISSUANCE OF AIRPORT REVENUE REFUNDING BONDS, SERIES 2010A, TO REFUND THE AIRPORT REVENUE BONDS AND FIXING THE TERMS AND CONDITIONS THEREOF; CREATING SPECIAL FUNDS AND ACCOUNTS AND PLEDGING CERTAIN REVENUES AS SECURITY FOR BONDS

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

Section 1. Definitions, Authorizations and Findings.

1.01. Definitions. The terms defined in this Section 1.01 shall for all purposes of this Resolution have the meanings herein specified, unless the context clearly otherwise requires:

Accountant shall mean a Person engaged in the practice of accounting as a certified public accountant in accordance with the provisions of Title 37, Chapter 50, M.C.A.

Accreted Amount of any Bond shall mean, as of any date of computation, an amount equal to the sum of (i) the Original Principal Amount of such Bond, plus (ii) interest thereon from the Issue Date to the date of computation at the rate, compounded semiannually, which is necessary to produce the approximate yield to maturity shown for Bonds of the same maturity on such Bond.

Act shall mean Montana Code Annotated, Title 67, Chapters 10 and 11, as heretofore and hereafter amended or supplemented.

Act of Bankruptcy shall mean a petition filed by or against a Person seeking relief as a debtor under the federal bankruptcy laws or under any similar applicable law or statute of the United States of America relating to bankruptcy or insolvency.

Additional Bonds shall mean any Bonds issued pursuant to Section 5 and shall not include Special Purpose Facility Bonds, Subordinate Obligations or Notes.

Airport or Airport System shall mean Billings Logan International Airport, which shall include the land owned and used by the City primarily for the landing and takeoff of aircraft, together with the buildings and other improvements located on such land and any equipment, machinery and other items of personal property located on such land or in such buildings, as such properties may at any time exist, including any future additions or expansions thereof or alternative or supplementary facilities that the City determines to be part of the Airport or Airport System. "Airport" includes, without limitation, terminal buildings, runways, hangars, service roads, roadways and automobile parking facilities and Car Rental Facilities. "Airport" does not include Special Purpose Facilities.

Airport Consultant shall mean an Independent airport management consultant appointed by the City Council who has a favorable national reputation for special skill and knowledge in methods of the development, operation, and management of airports and airport facilities.

Airport Fund shall mean the fund so named maintained pursuant to Section 6.01.

Allocation Date shall mean the twenty-fifth day of each month, commencing July 25, 2010, as of which date money on hand in the Revenue Account is to be allocated to various other accounts in the Airport Fund as provided in Section 6.04.

Annual Debt Service Requirement shall mean the Debt Service Requirement for a Fiscal Year.

Audited Fiscal Year shall mean a Fiscal Year for which the City has received an audited report of the financial statements of the City conducted by an Independent Accountant.

Bonds shall mean the Series 2010A Bonds and any Additional Bonds.

Bond Counsel shall mean any firm of nationally recognized bond counsel experienced in matters relating to tax-exempt financing, retained by the City.

Bondholder shall mean the Person in whose name a Bond is registered in the Bond Register.

Bond Purchase Agreement shall mean (i) with respect to any series of Bonds the agreement between the City and the Original Purchaser of such series of Bonds and (ii) with respect to the Series 2010A Bonds the agreement between the City and Piper Jaffray & Co., as the Original Purchaser of the Series 2010A Bonds, dated July 14, 2010.

Bond Register shall mean the register maintained by the Registrar pursuant to Section 2.09.

Business Day shall mean any day other than a Saturday, Sunday or other day on which the Registrar is not open for business.

Capital Account shall mean the account so named created by Section 6.10.

Capital Appreciation Bond shall mean a Bond the accrued interest on which is not payable at fixed intervals but which by its terms appreciates in value to a stated amount at Maturity and which may be issued as Serial Bonds or Term Bonds.

Car Rental Facilities shall mean any City-owned facility at the Airport specifically developed, constructed, set aside or utilized, in whole or in part, by an on-airport rental car company.

CFC Bonds shall mean any Additional Bonds that finance or refinance the costs of Car Rental Facilities, and that are secured by a pledge of Customer Facility Charges, in addition to the pledge of Net Revenues.

Charter shall mean the home-rule charter of the City, as amended from time to time, or any successor charter or like document adopted as the organic law of the City.

City shall mean the City of Billings, Montana, its successors and assigns.

City Clerk shall mean the City Clerk, or a deputy clerk of the City whenever the Clerk is unable to act in such capacity, or their designees, and their successors in functions, if any.

City Resolution shall mean a resolution, ordinance or other appropriate enactment by the Council certified by the City Clerk to have been duly adopted and to be in full force and effect.

Code shall mean the Internal Revenue Code of 1986, as amended, including applicable Treasury Regulations, rulings and procedures promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

Completion Bonds shall mean Bonds issued for the purpose of defraying additional costs of a Project and thereby effecting its completion, issued in accordance with Section 5.03.

Construction Account shall mean the account so named created by Section 6.03.

Consulting Engineer shall mean any Independent registered or licensed professional engineer, any licensed architect or any firm of such engineers or architects, as from time to time appointed and designated by the City:

(i) who has a favorable reputation for skill and experience in the field of designing, preparing plans and specifications for, and supervising construction of, airports and airport facilities, and

(ii) who is licensed to practice and is practicing as such under the laws of the State.

Costs of Issuance shall mean all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, issuance, sale, and delivery of Bonds, including but not limited to costs of preparation and reproduction of documents; printing expenses; filing and recording fees; initial fees and charges of the Paying Agent; legal fees and charges; fees and disbursements of consultants and professionals; initial fees and charges relating to any Credit Facility and fees and charges for preparation, execution, and safekeeping of Bonds; and any other cost, charge, or fee in connection with the original issuance of Bonds.

Council shall mean the governing body of the City.

Counsel shall mean an attorney, licensed to practice law in any state or the District of Columbia, selected by the Council. Except as otherwise provided herein, Counsel may be an employee of or regularly retained by the City.

Credit Enhanced Bonds shall mean Bonds, the payment of which, or other rights in respect of which, are secured in whole or in part by a Credit Facility.

Credit Facility shall mean any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial institution, insurance company or other institution whose outstanding long term indebtedness is rated by a Rating Agency in one of its three highest Rating Categories, and which provides security or liquidity for any Bonds as specified in a Supplemental Resolution relating to such Bonds.

Credit Facility Obligations shall mean repayment or other monetary obligations incurred by the City with respect to draws or other payments or disbursements made under a Credit Facility; but only if and to the extent such obligations have a lien on the Net Revenues and, but only if and as applicable, the CFCs or PFCs, of the Airport System on a parity with the lien of the Bonds.

Current Interest Bond shall mean a Bond the accrued interest on which by its terms is payable on Interest Payment Dates before the Stated Maturity thereof and which may be issued as Term or Serial Bonds.

Customer Facility Charge or CFC shall mean the charges imposed on automobile rentals at the Airport pursuant to the Customer Facility Charge Ordinance to the extent such charges are pledged to the payment of debt service on and coverage requirements of CFC Bonds.

Customer Facility Charge Ordinance shall mean Ordinance No. 10-5515, approved on June 28, 2010, as amended or supplemented.

Debt Service Account shall mean the account so named created by Section 6.06.

Debt Service Requirements shall mean with respect to all Outstanding Bonds or any specified portion of all Outstanding Bonds and for any specified period, without duplication, the sum of:

(a) The amount due and payable as interest on such Bonds during such period;

(b) The amount due and payable as principal, Accreted Amount or Redemption Price of such Bonds during such period, whether at Stated Maturity, upon mandatory redemption, upon the exercise of any option to redeem or required tender of such Bonds if the City has irrevocably committed itself to exercise such option, or by reason of any other circumstance which will, with certainty, occur during such period; and

(c) The amount of any Credit Facility Obligations required to be paid during such period and not included in (a) or (b).

No payments required for any Option Bonds, other Bonds, or Credit Facility Obligations which may be tendered or otherwise presented for payment at the option or demand of the Holders thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, shall be included in any computation of Debt Service Requirements prior to the Stated Maturity or

otherwise certain due dates thereof, and all such payments shall be deemed to be required on such Stated Maturity dates or otherwise certain due dates. Except for any historical period for which the actual rate or rates are determinable and except as otherwise provided herein, Variable Rate Bonds, and Credit Facility Obligations which bear interest at a variable rate, shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Variable Rate Bonds or Credit Facility Obligations on the date of computation; provided that in any computation (i) of the Reserve Requirement; (ii) relating to the issuance of Additional Bonds required by Section 5; or (iii) required by the rate covenant of Section 7.11, Variable Rate Bonds shall be deemed to bear interest at a fixed annual rate equal to (iv) the average of the daily rates of such Variable Rate Bonds during the 365 consecutive days (or any lesser period such Variable Rate Bonds have been Outstanding) next preceding the date of computation; or (v) with respect to any Variable Rate Bonds which are being issued on the date of computation, the initial rate of such Variable Rate Bonds upon issuance. Further, in any computation relating to the issuance of Additional Bonds required by Section 5 and any computation required by the rate covenant in Section 7.11, there shall be excluded from the computation of Debt Service Requirements amounts for payment of which money on hand is irrevocably committed and expected to be available to make such payments during such period, including without limitation any amounts in an Escrow Account and any proceeds of Bonds deposited to the credit of the Construction Account to pay capitalized interest.

Debt Service Reserve Account shall mean the account so named created by Section 6.07.

Director of Aviation and Transit shall mean the individual appointed, employed or designated by the City who is in charge of the operation of the Airport.

Escrow Account shall mean any special and separate account established with an Escrow Bank and in which is deposited cash or securities or both, for the express purpose of providing for the payment of principal of, premium, if any, and interest on any Bonds.

Escrow Bank shall mean the Paying Agent or any other a bank qualified by Montana law to act as an escrow agent with respect to an Escrow Account.

Event of Default shall mean an event of default as defined in Section 8.

Financial Services Manager shall mean the Financial Services Manager of the City or any successor office to that office.

Fiscal Year shall mean the period commencing on the first day of July of any year and ending on the last day of June of the next year, or any other twelve-month period authorized by law and specified by City Resolution as the City's fiscal year.

Government Obligations shall mean (a) direct general obligations of, or obligations the prompt payment of the principal of and the interest on which are fully and unconditionally guaranteed by, the United States of America, (b) obligations the payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America, and (c) certificates or other evidence of ownership in

principal to be paid or interest to accrue on a pool of obligations of the type described in the foregoing clause (a) or (b), which obligations are held by a custodian, any obligations described in the foregoing clause (a) or (b) may be issued or held in book entry form on the books of the Department of Treasury of the United States of America.)

Gross Revenues shall mean for any specified period the sum of all operating and non-operating revenues of the Airport, including, without limitation, rentals, charges, landing fees, concessions (including amounts derived from such rentals, charges, fees, and concessions and other sources retained in the Revenue Account after satisfying the requirements of the various accounts in the Airport Fund), ground rentals for Special Purpose Facilities, and interest earnings on the Revenue Account, Maintenance and Operating Account, Debt Service Reserve Account, Maintenance and Operating Reserve Account and Capital Account. Gross Revenues does not include (i) any Bond proceeds and other money including interest credited to the Construction Account; (ii) gifts, grants or donations, the use of which is limited by the grantor or donor to purposes not including payment of principal of and interest on Bonds; (iii) Customer Facility Charges and Passenger Facility Charges and interest thereon; (iv) interest earnings on the Construction Account; (v) amounts borrowed by the City, including proceeds of Bonds; (vi) revenues derived from the lease or use of Special Purpose Facilities; (vii) proceeds of insurance claims or condemnation awards, except any such proceeds derived in respect of loss of use or business interruption; or (viii) amounts received from the sale or other disposition of assets of the Airport.

Holder shall mean a Bondholder.

Independent shall mean, when used with respect to any specified Person, such a Person who (i) is in fact independent; (ii) does not have any direct financial interest or any material indirect financial interest in the City or the Airport, other than the payment to be received under a contract for services to be performed by such Person; and (iii) is not connected with the City or the Airport as an officer, employee, promoter, trustee, partner, director, underwriter or person performing similar functions. Whenever it is herein provided that any Independent Person's opinion or certificate shall be furnished, such Person shall be appointed by the Council and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

Insurance Consultant shall mean an Independent Person that has knowledge or expertise in the insurance needs and requirements of municipal airports in Montana, retained by the City.

Interest Payment Date shall mean with respect to a Current Interest Bond the date specified in such Current Interest Bond as the fixed date on which an installment of interest on such Current Interest Bond is due and payable and with respect to a Capital Appreciation Bond the date specified in such Capital Appreciation Bond as the fixed date on which interest is compounded.

Maintenance and Operating Account shall mean the account so named created in Section 6.05.

Maintenance and Operating Expenses shall mean for any specified period all current expenses of the City of operating, maintaining, and repairing the Airport, including, without limiting the generality of the foregoing, legal and overhead expenses of the various City departments directly related and allocable as provided through the City's allocation program to the administration of the Airport, insurance premiums, the charges of any paying agents and any other depository bank pertaining to the Airport, contractual services, professional services required by the Resolution, salaries and administrative expenses, labor, and the cost of materials and supplies used for current operation, the cost of defending, settling, or satisfying any litigation or threatened litigation that relates to the Airport, or any aspect thereof, but not including any allowance for depreciation, charges for the accumulation of reserves for capital replacements, or interest expense.

Maintenance and Operating Reserve Account shall mean the account so named created in Section 6.08.

Maintenance and Operating Reserve Requirement shall mean as of any time an amount equal to one-sixth of the total Maintenance and Operating Expenses for the then most recent Audited Fiscal Year.

Maturity, when used with respect to any Bond, shall mean the date on which the principal of such Bond is due and payable as therein or herein provided, whether at its Stated Maturity or by call for redemption or otherwise.

M.C.A. shall mean the Montana Code Annotated.

Net Proceeds, when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award remaining after payment of all expenses (including attorneys' and adjustors' fees and any fees and expenses of the Registrar and the City) incurred in the collection of such gross proceeds.

Net Revenues shall mean for any specified period, the amount of Gross Revenues for such period remaining after provision for payment of Maintenance and Operating Expenses for such period.

Opinion of Counsel shall mean a written opinion of Counsel.

Option Bond shall mean a Bond the Holder of which by its terms may tender such Option Bond for payment or purchase by or on behalf of the City prior to the Stated Maturity thereof, or the Stated Maturity of which may be extended by and at the option of the Holder thereof.

Original Purchaser shall mean, with respect to any series of Bonds, the original purchaser of such series of Bonds.

Original Resolution shall mean this Resolution adopted by the Council on July 26, 2010.

Outstanding shall mean, when used with reference to Bonds, as of the date of determination, all Bonds theretofore issued except:

- (i) Bonds theretofore canceled by the City or delivered to the City canceled or for cancellation;
- (ii) Bonds and portions of Bonds which under Section 10 are no longer deemed Outstanding; and
- (iii) Bonds in exchange for or in lieu of which other Bonds shall have been issued and delivered pursuant to the Resolution;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the City shall be disregarded and deemed not to be Outstanding.

Passenger Facility Charge or PFC shall mean revenues received by the City from passenger facility charges imposed by the City in accordance with Title 14, Code of Federal Regulations, Part 158 as approved by the Federal Aviation Administration pursuant to passenger facility charge applications to the extent which such revenues are pledged to the payment of debt service on and coverage requirements of PFC Bonds, as provided by law.

Paying Agent shall mean the Person designated by or pursuant to this Original Resolution or a Supplemental Resolution to receive and disburse the principal of, premium, if any, and interest on any series of Bonds, on behalf of the City. A Paying Agent may also be the Registrar.

Person shall mean any individual, corporation, partnership, limited liability partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

PFC Bonds shall mean any Additional Bonds that finance or refinance the costs of projects approved by the Federal Aviation Administration and that are secured by a pledge of Passenger Facility Charges, in addition to the pledge of Net Revenues.

Principal Payment Date shall mean the Stated Maturity of any Serial Bond and the Sinking Fund Payment Date for any Term Bond.

Project shall mean an improvement, betterment, reconstruction or extension of the Airport.

Rate Covenant shall mean the covenant of the City to establish and maintain rates and charges for the use of the Airport described in Section 7.11.

Rating Agency shall mean either Moody's Investors Service or Standard & Poor's Ratings Services or their respective successors or any other nationally recognized organization experienced in the rating of municipal obligations such as the Bonds.

Rating Category shall mean one of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such Rating Category by a numerical or other modifier.

Rebate Account shall mean the account so named created by Section 6.13.

Rebate Certificate shall mean a certificate executed by the City on the date of issuance of any series of Bonds and pursuant to which the City represents and covenants to segregate funds, calculate amounts, and report and pay to the United States Department of Treasury any rebatable arbitrage relating to the Bonds of such series in accordance with the requirements of Section 148 of the Code and the regulations promulgated thereunder.

Redemption Date when used with respect to any Bond to be redeemed shall mean the date on which it is to be redeemed pursuant hereto.

Redemption Price when used with respect to any Bond to be redeemed shall mean the price at which it is to be redeemed pursuant hereto, including accrued interest thereon.

Refunded Bonds shall mean the Series 2000 Bonds maturing in 2011 and thereafter and outstanding in the aggregate principal amount of \$7,570,000.

Registrar shall mean the Person designated by or pursuant to the Resolution to hold and maintain the Bond Register in accordance with Sections 2.09 and 3.10. The Registrar may also be a Paying Agent.

Renewal and Replacement Reserve Subaccount shall mean the subaccount so named created by Section 6.10(i).

Renewal and Replacement Reserve Requirement as may be determined from time to time shall mean \$225,000 or such amount as may be determined by the Council upon the recommendation of an Airport Consultant.

Reserve Requirement shall mean, as of the date of calculation, an amount equal to the least of: (1) the maximum debt service requirements on Outstanding Bonds for the then current or any future fiscal year, (2) 125% of average annual debt service on Outstanding Bonds for any fiscal year, or (3) ten percent (10%) of the aggregate original principal amount of all series of Bonds any of which is then Outstanding.

Resolution shall mean this Original Resolution as amended or supplemented by any Supplemental Resolution.

Revenue Account shall mean the account so named created by Section 6.04.

Serial Bonds shall mean Bonds which are not Term Bonds.

Series 1990 Bonds shall mean the Airport Revenue Bonds of the City, dated as of September 1, 1990, which were refunded by the Series 2000 Bonds.

Series 2000 Bonds shall mean the City's Airport Revenue Refunding Bonds, Series 2000, with a final Stated Maturity of July 1, 2020, outstanding on the date of adoption of the Original Resolution in the principal amount of \$7,570,000.

Series 2010A Bonds shall mean the City's Airport Revenue Refunding Bonds, Series 2010A, authorized to be issued and described in Section 3 of this Original Resolution.

Sinking Fund Payment Date shall mean each of the dates set forth in any applicable provisions of a Supplemental Resolution (as to any series of Additional Bonds) for the making of mandatory principal or Accreted Amount payments on Additional Bonds that are Term Bonds before the Stated Maturity thereof.

Special Purpose Facility shall mean any improvement, structure, equipment, machinery or other tangible asset located at the Airport, financed from the proceeds of Special Purpose Facility Bonds, the capital cost of which is payable, directly or indirectly, by a Person or Persons using such improvement, structure, equipment, machinery or other tangible asset. The quick turnaround facility noted in the Customer Facility Charge Ordinance is not a Special Purpose Facility for purposes of this Resolution.

Special Purpose Facility Bonds shall mean bonds or other obligations of the City, permitted by, but not subject to the terms and conditions of this Resolution, issued or incurred to finance or refinance the cost of any Special Purpose Facility and which are secured by and payable solely from rentals or other charges, derived by the City under a lease, sale or other agreement between the City and the Person using the Special Purpose Facility.

Stated Maturity when used with respect to any Bond shall mean the date specified in such Bond as the fixed date on which the principal of such Bond is due and payable.

Subordinate Obligations shall mean bonds or other obligations of the City payable from the Subordinate Obligations Account and issued in accordance with the provisions of Section 5.06.

Subordinate Obligations Account shall mean the account so named created by Section 6.09.

Supplemental Resolution shall mean any City Resolution amendatory of or supplemental to this Original Resolution adopted pursuant to Section 9.

Term Bond shall mean any Bond as to which payments are required by the Resolution to be made at times and in amounts sufficient to redeem all or a portion of the principal of such Bond prior to its Stated Maturity.

2000 Paying Agent shall mean U.S. Bank National Association, of Seattle, Washington, formerly known as U.S. Bank Trust National Association of MT, of Billings, Montana.

Variable Rate Bond shall mean a Bond the interest rate on which may, in accordance with its terms, vary periodically so that the interest for a part or all of the period remaining to its Stated Maturity or Redemption Date cannot accurately be calculated on the date of issuance thereof.

## 1.02. Rules of Interpretation.

A. All references in this Original Resolution to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of this Original Resolution as originally adopted.

B. The words "herein", "hereof" and "hereunder" and other words of similar import without reference to any particular Section or subdivision refer to the Resolution as a whole and not to any particular Section or other subdivision unless the context clearly indicates otherwise.

C. The terms defined in this Section shall include the plural as well as the singular.

D. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles applicable to governmental entities.

E. All computations provided herein shall be made in accordance with generally accepted accounting principles applicable to governmental entities consistently applied.

1.03. Authorization. The City is authorized by the Act to own and operate a municipal airport. Pursuant to Resolution No. 90-16319, the City elected to exercise the powers of an airport authority under the Act. Pursuant to Resolution No. 90-16352 (the "Series 1990 Bond Resolution") and the Act, the City issued the Series 1990 Bonds. Pursuant to Resolution 99-17451 (the "Series 2000 Bond Resolution") and the Act, the City issued the Series 2000 Bonds to refund all or a portion of the then Outstanding Series 1990 Bonds. Without compromising its other powers associated with the ownership and operation of the Airport, the City hereby determines that it will exercise the powers of a municipal airport authority in accordance with the provisions of Title 67, Chapter 10, Parts 1-4, M.C.A., such power to be supplemental to and in addition to the power currently exercised and retained by the City with respect to the operation of the Airport under Title 67, Chapter 10, Part 1, M.C.A.

1.04. Outstanding Obligations. On the date of issuance of the Series 2010A Bonds pursuant to this Original Resolution, there will be no other obligations outstanding which are payable from or create a lien upon the Net Revenues other than the Series 2010A Bonds.

1.05. Resolution Regarding Negotiated Sale of Series 2010A Bonds, Etc. This Council has determined by resolution adopted May 24, 2010 (the "Parameters Resolution") that it is in the best interests of the City to sell by negotiated sale to Piper Jaffray, Inc., of Denver, Colorado and Helena, Montana (the "Original Purchaser"), its airport revenue bonds in the aggregate principal amount of up to \$7,800,000, pursuant to Montana Code Annotated, Section 67-11-303, to provide funds to effect the refunding of the Refunded Bonds and pay all or a portion of the costs of issuing the Series 2010A Bonds and of the refunding. The City and the Original Purchaser have entered into a Bond Purchase Agreement, dated July 14, 2010 (the "Bond Purchase Agreement"), relating to the sale of the Series 2010A Bonds within the limitations of the Parameters Resolution to bear interest at the rates and mature on the dates and in the amounts and contain the further terms and conditions set forth in Section 3 of this Resolution. The Bond Purchase Agreement is hereby ratified and confirmed. In the event of a

conflict between the provisions of this Original Resolution and the Bond Purchase Agreement, the provisions of this Original Resolution shall prevail.

1.06. Revenues Available. The City is authorized, pursuant to the Act, to enter into contracts, leases or other arrangements and to charge reasonable and uniform rates, fees, charges and rentals for all privileges, facilities and services directly or indirectly furnished by the Airport, and to pledge and appropriate to the Series 2010A Bonds the revenues to be derived from the operation of the Airport. The City hereby determines, based on current operating results, that the Gross Revenues to be produced from the operation of the Airport during the term of the Series 2010A Bonds will be sufficient to pay the reasonable and ordinary Maintenance and Operating Expenses of the Airport, to pay annual Debt Service Requirements, to establish and maintain a reserve for payment of debt service on the Series 2010A Bonds in an amount equal to the Reserve Requirement, to establish and maintain amounts in the Maintenance and Operating Reserve Account at the Maintenance and Operating Reserve Requirement, and to establish and maintain amounts in the Renewal and Replacement Reserve Account at the Renewal and Replacement Reserve Requirement, as herein prescribed.

1.07. Official Statement. The Series 2010A Bonds have been offered for sale by means of a Preliminary Official Statement, dated June 30, 2010, which is to be completed as an Official Statement. This Council hereby authorizes either or both of the Financial Services Manager and the Director of Aviation and Transit to approve the Official Statement. Execution of the Official Statement by the Financial Services Manager and the Director of Aviation and Transit or either of them, or any appropriate officer of the City, is authorized and shall be conclusive as to the approval thereof by this Council. The City hereby consents to the distribution of the Official Statement and this Council hereby authorizes and directs the Financial Services Manager, the Director of Aviation and Transit, the City Clerk, and any appropriate officers of the City to execute such certificates relating to the accuracy and completeness of the Official Statement as may be appropriate. The determination of the Financial Services Manager or Director of Aviation and Transit that the Preliminary Official Statement was "final" as of its date for purposes of Rule 15C2-12 under the Securities Exchange Act of 1934 is hereby ratified and confirmed.

## Section 2. The Bonds.

2.01. General Title. The general title of the Bonds of all series shall be "Airport Revenue Bonds." Bonds of each series shall be titled so as to distinguish them from Bonds of all other series.

2.02. General Limitations; Issuable in Series. The aggregate principal amount of Bonds that may be authenticated and delivered and Outstanding under the Resolution is not limited, except as provided in Sections 3 and 5 and except as may be limited by law.

The Series 2010A Bonds shall be issued on the terms and conditions prescribed in this Original Resolution. Additional Bonds may be issued in series as from time to time authorized by Supplemental Resolution. With respect to the Bonds of any particular series, the City may incorporate in or add to the general title of such Bonds any words, letters or fixtures designed to distinguish that series.

2.03. Special, Limited Obligations. The Bonds shall be special, limited obligations of the City. Principal of, premium, if any, and interest on the Bonds shall be payable solely from the Net Revenues (other than to the extent payable out of proceeds of the Bonds and as well from Passenger Facility Charges or Customer Facility Charges or another permissible source of revenue) or, if Credit Enhanced Bonds, from money available under the Credit Facility. The Bonds shall not be or constitute a pledge of the general credit or taxing powers of the City of any kind whatsoever, but the City may elect to issue Additional Bonds payable from any sources permitted under the Act, including, without limitation, from a limited tax levy or deficiency tax levy. Neither the Bonds nor any agreement or obligation of the City contained herein shall be construed to constitute an indebtedness of the State of Montana or the City within the meaning of any constitutional, statutory or Charter provisions whatsoever.

2.04. Payment on Business Day. If any interest, premium or principal of any Bond is payable on a day which is not a Business Day, then such payment may be made without increase on the next succeeding Business Day, with the same force and effect as if made on the date on which such payment was due (whether or not such next succeeding Business Day occurs in a succeeding month).

2.05. Terms of Particular Series. Each series of Bonds (except the Series 2010A Bonds, which are created by Section 3) shall be created by a Supplemental Resolution. The Bonds of each series (other than the Series 2010A Bonds, as to which specific provision is made in this Original Resolution) shall bear such date or dates, shall be payable at such place or places, shall have such Stated Maturities and Redemption Dates, shall bear interest, if any, at such rate or rates, from such date or dates or shall be payable in such installments and on such dates and at such place or places, and may be redeemable at such price or prices and upon such terms (in addition to the prices and terms herein specified for redemption of all Bonds) as shall be provided in the Supplemental Resolution creating that series, all upon such terms as the City may determine. Bonds of any Series may be issued as Term Bonds, Serial Bonds, Capital Appreciation Bonds, Current Interest Bonds, Option Bonds, Variable Rate Bonds, or any combination thereof. The City may, at the time of the creation of any series of Bonds or at any time thereafter, make, and the Bonds of that series may contain, provision for:

- (a) a sinking, amortization, improvement or other analogous fund;
- (b) limiting the aggregate principal amount of the Bonds of that series and of Additional Bonds including Completion Bonds thereafter to be issued;
- (c) exchanging Bonds of that series, at the option of the Holders thereof, for other Bonds of the same series of the same aggregate principal amount of a different authorized kind or authorized denomination or denominations; or
- (d) registration or transfer of ownership, or delivery thereof.

2.06. Form and Denominations of Particular Series. The form of the Bonds of each series (other than the Series 2010A Bonds, as to which specific provision is made in Section 3) shall be established by the Supplemental Resolution creating such series. The Bonds of each series shall be distinguished from the Bonds of other series in such manner as the Council may determine.

The Bonds of each series shall be in such denominations as shall be provided in the Supplemental Resolution creating such series (other than the Series 2010A Bonds, as to which specific provision is made in this Resolution). In the absence of any such provision with respect to the Bonds of any particular series, the Bonds of such series shall be in the denomination of \$5,000 or any integral multiple thereof of single maturities.

2.07. Execution and Authentication. The Bonds shall be executed on behalf of the City by the manual or facsimile signatures of the Mayor, Financial Services Manager and City Clerk (or other officers of the City authorized by a Supplemental Resolution); provided, that if required by applicable laws, one such signature on each Bond shall be a manual signature. The seal of the City need not be affixed to or imprinted on any Bond. Any Bond bearing the manual or facsimile signature of an individual who was at any time an appropriate officer of the City shall be valid and sufficient for all purposes, whether or not such individual held such office as of the date of sale, issue or delivery of such Bond. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under the Resolution unless and until a certificate of authentication on such Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on a Bond shall be conclusive evidence that it has been authenticated and delivered under the Resolution and in accordance with the provisions hereof.

2.08. Temporary Bonds. Pending the preparation of definitive Bonds, the City, if authorized by law, may execute and deliver temporary Bonds which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such Bonds may determine, as evidenced by their execution of such Bonds.

If temporary Bonds are issued, the City will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Bonds the City shall execute, and the Registrar shall thereupon authenticate and deliver in exchange therefor, a like principal amount of definitive Bonds of authorized denominations. Until so exchanged the temporary Bonds shall in all respects be entitled to the same security and benefits under the Resolution as definitive Bonds.

2.09. System of Registration. The City shall cause a register (the "Bond Register") for registration of Bonds and transfers of Bonds to be kept at the principal corporate trust office of the Registrar. This Section 2.09 shall establish a system of registration for the Bonds, including the Series 2010A Bonds, as defined in the Model Public Obligations Registration Act of Montana, and shall govern in the event other provisions of the Resolution relating to registration, transfer or exchange of Bonds are inconsistent therewith; provided that a Supplemental Resolution may make other provisions for the registration and transfer of ownership of Additional Bonds. 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 principal corporate trust office the Bond Register in which the Registrar shall provide for the registration of ownership of the Bonds and the registration of transfers and exchanges of the Bonds entitled to be registered, transferred or exchanged.

(b) Transfer. Upon surrender for transfer of any Bond duly endorsed by the Holder thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the Holder thereof or by an attorney duly authorized by the Holder in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same series of a like aggregate principal amount and Stated Maturity of authorized denominations as requested by the transferor. The Registrar is not required (i) to transfer or exchange any Bond during the period of fifteen days immediately preceding any selection of Bonds of that series and Stated Maturity for redemption, or (ii) to transfer any Bond or portion thereof which has been selected for redemption.

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

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

(e) Improper or Unauthorized Transfer. When any 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 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, premium, if any, and interest on such Bond and for all other purposes, and all such payments so made to such Person shall be valid and effectual to satisfy and discharge the liability of the City upon such Bond to the extent of the sum or sums to be paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Bonds (except upon a partial redemption of a Bond), 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 lost, stolen or destroyed, the City shall execute and the Registrar shall authenticate and deliver a new Bond of the same series, of like amount, Stated Maturity 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 lost, stolen or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a

Bond lost, stolen or destroyed, upon receipt by the Registrar from the Holder of the lost, stolen or destroyed Bond of evidence satisfactory to the Registrar that such Bond was lost, stolen or destroyed, and of the ownership thereof, and upon receipt by the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the City. If the mutilated, lost, stolen or destroyed Bond has already matured or has been called for redemption in accordance with its terms, it shall not be necessary to issue a new Bond prior to payment.

Section 3. Issuance and Sale of the Series 2010A Bonds, Preliminary Official Statement.

3.01. Issuance and Sale of the Series 2010A Bonds; Savings. The City is authorized, and the Council hereby finds, determines and declares it to be in the best interest of the City, and to be necessary and expedient for the City to issue its \$7,640,000 Airport Revenue Refunding Bonds, Series 2010A, in accordance with the provisions of this Original Resolution, for the purpose of providing funds to effect the refunding of the Refunded Bonds and pay all or a portion of the costs of issuing the Series 2010A Bonds. The Original Purchaser has offered to purchase the Series 2010A Bonds upon the terms and conditions set forth in a Bond Purchase Agreement, at a purchase price of \$7,651,345.55, reflecting a net original issue premium of \$64,443.55 and underwriter's discount of \$53,098.00. That offer is hereby determined and declared to be reasonable and in the best interests of the City. The gross debt service savings to result from the refunding of the Refunded Bonds is \$565,525.02, and the net present value savings resulting therefrom is \$464,341.73, using a discount rate of 4.146328% (the approximate yield of the Bonds) over the term of the Refunded Bonds, resulting in a net present value benefit of 6.133973% of the principal amount of the Refunded Bonds.

3.02. Delivery of the Series 2010A Bonds. The City hereby covenants that it will take all actions as required to effectuate the issuance and delivery of the Series 2010A Bonds as prescribed in the Bond Purchase Agreement and herein.

3.03. General Terms of Bonds. The Series 2010A Bonds shall be issuable only in fully registered form and shall consist of Current Interest Bonds which are also Serial Bonds issued in the aggregate principal amount of \$7,640,000.

3.04. Terms of the Series 2010A Bonds. The Series 2010A Bonds shall be dated, as originally issued, as of July 28, 2010, shall be in the denomination of \$5,000 each or any integral multiple thereof of single maturities, shall mature on July 1 in the years and amounts set forth below, and shall bear interest from July 28, 2010 until paid or duly called for redemption at the respective annual rates set forth opposite such years and amounts as follows:

Stated Maturity	Amount	Rate
2011	\$700,000	2.500%
2012	690,000	3.000
2013	710,000	3.000
2014	730,000	4.000
2015	765,000	4.000
2016	795,000	4.500

2017	825,000	4.125
2018	860,000	4.500
2019	895,000	4.750
2020	670,000	5.000

The interest thereon, and, upon surrender of each Series 2010A Bond, the principal amount thereof shall be payable by check or draft issued by the Paying Agent. Interest on the Series 2010A Bonds shall be payable on January 1 and July 1 in each year, commencing January 1, 2011, to the Holders thereof as such appear in the Bond Register as of the close of business on the 15th day of the immediately preceding month, whether or not such day is a Business Day. Each Series 2010A Bond shall bear an original issue date of July 28, 2010. Upon delivery of the Series 2010A Bonds to the Original Purchaser pursuant to Section 3.12 or upon the delivery of Series 2010A Bonds upon a transfer or exchange pursuant to Section 2.09, the Registrar shall date each Series 2010A Bond so delivered as of the date of its authentication.

**3.05. Optional Redemption.** Except as described in Section 3.06, Series 2010A Bonds shall not be subject to redemption at the option of the City prior to their Stated Maturities.

**3.06. Extraordinary Optional Redemption.** The Bonds, including the Series 2010A Bonds, are subject to redemption prior to maturity by the City, to the extent of available Net Proceeds of insurance or condemnation, in the event: (1) the Airport or any portion thereof is damaged, destroyed or condemned, (2) the Net Proceeds of insurance or condemnation received in connection therewith exceed the greater of (a) three percent of property, plant and equipment assets of the Airport or (b) \$500,000, and (3) the City elects to have all or any part of such Net Proceeds applied to the prepayment of the Bonds. If called for redemption in any such event, the Bonds shall be subject to redemption in whole at any time, or in part on any interest payment date, and if in part, from series and by maturities designated by the City (and, if less than all of a maturity is being redeemed, by lot or other manner deemed fair by the Registrar within a maturity) at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium.

**3.07. Notice of Redemption.** The City shall give notice of redemption, stating the amount, the serial numbers, the CUSIP numbers, the interest rates and the Stated Maturities of the Series 2010A Bonds or portions thereof called for redemption to the Registrar at least forty-five days prior to the date of redemption. The Registrar shall, at least thirty days prior to the designated redemption date, cause notice of redemption to be mailed by first class mail to the Holder of each Series 2010A Bond to be redeemed at such Person's address shown in the Bond Register; provided that any defect in or failure to give such mailed notice shall not affect the validity of proceedings for the redemption of any Series 2010A Bond not affected thereby. Notice of the redemption of any Series 2010A Bond having been mailed as herein provided, and funds sufficient for its payment with accrued interest having been deposited with the Paying Agent on or before the Redemption Date, interest on such Series 2010A Bond shall cease to accrue on the Redemption Date, and the Holder shall have no further rights with respect thereto or under the Resolution except to receive the Redemption Price so deposited.

In addition to the notice prescribed by the preceding paragraph, the City shall also give notice of the redemption of any Series 2010A Bond or portions thereof at least 35 days before the Redemption Date by first class mail, telecopy or express delivery service to the

Original Purchaser and all registered securities depositories then in the business of holding substantial amounts of obligations of the character of the Series 2010A Bonds (such depository now being DTC, as defined in Section 3.11) and the one or more national information services that disseminate information regarding municipal bond redemptions; provided that any defect in or any failure to give any notice of redemption prescribed by this paragraph shall not affect the validity of the proceedings for the redemption of any Series 2010A Bond or portion thereof.

Series 2010A Bonds in a denomination larger than \$5,000 may be redeemed in part in any integral multiple of \$5,000. The owner of any Series 2010A Bonds redeemed in part shall receive, upon surrender of such Bond to the Registrar, one or more new Series 2010A Bonds in authorized denominations equal in principal amount to the unredeemed portion of the Bond so surrendered.

3.08. Partial Redemption of a Series 2010A Bond. Series 2010A Bonds in a denomination larger than \$5,000 may be redeemed in part in any integral multiple of \$5,000. The Holder of any Series 2010A Bond redeemed in part shall receive, upon surrender of such Series 2010A Bond to the Registrar, one or more new Series 2010A Bonds in authorized denominations equal in principal amount to the unredeemed portion of the Series 2010A Bond so surrendered.

3.09. Appointment of Registrar and Paying Agent. The City hereby appoints U.S. Bank National Association, of Seattle, Washington, as the Registrar and Paying Agent (in such capacities, the "Registrar") for the Series 2010A Bonds. The Financial Services Manager and the Director of Aviation and Transit, or in their absence, any officer of the City, are hereby authorized to execute and deliver, on behalf of the City, a contract or contracts with the Registrar for the services provided by the Registrar, including, without limitation, as Registrar and Paying Agent, and, if the City so elects, as dissemination agent. Before each Principal Payment Date, Redemption Date or Interest Payment Date, without further order of the Council, the Financial Services Manager is authorized to transfer to the Paying Agent all principal, premium, if any, and interest then due on the Series 2010A Bonds solely from money in the Debt Service Account so that it is received by the Paying Agent no later than the Business Day immediately preceding such dates. The City agrees to pay fees and charges of the Registrar and Paying Agent.

Upon merger or consolidation of the Registrar with another corporation or upon the sale or the transfer by the Registrar to another corporation of all or substantially all of the Registrar's corporate trust business, if the resulting or transferee corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed, as a charge against the Maintenance and Operating Account. The City reserves the right to remove the Registrar upon thirty (30) days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the Bond Register to the successor Registrar. The Registrar may also resign upon written notice to the City effective upon appointment by the City of a successor Registrar.

3.10. Securities Depository for the Series 2010A Bonds.

(a) For purposes of this Section 3.11, the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Series 2010A Bond, the person in whose name such Series 2010A Bond is recorded as the beneficial owner of such Series 2010A Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2010A Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

“Representation Letter” shall mean the Blanket Issuer Letter of Representations from the City to DTC, attached to this resolution as Appendix C, which is hereby incorporated by reference and made a part hereof.

(b) The Series 2010A Bonds shall be initially issued as separately authenticated fully registered Bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Series 2010A Bonds. Upon initial issuance, the ownership of such Series 2010A Bonds shall be registered in the Bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2010A Bonds registered in its name for the purposes of payment of the principal of or interest on the Series 2010A Bonds, selecting the Series 2010A Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this Resolution, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Registrar nor the City shall be affected by any notice to the contrary. Neither the Registrar nor the City shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Series 2010A Bonds under or through DTC or any Participant, or any other Person which is not shown on the Bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Series 2010A Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this Resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2010A Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Series 2010A Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with the Representation Letter, and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations with respect to the principal of and interest on the Series 2010A Bonds to the extent of the sum or sums so paid. No Person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a

new nominee in place of Cede & Co., the Series 2010A Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of Bond certificates, the City may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Series 2010A Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Series 2010A Bonds at any time by giving notice to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Series 2010A Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The Representation Letter sets forth certain matters with respect to, among other things, notices, consents and approvals by registered owners of the Series 2010A Bonds and Beneficial Owners and payments on the Series 2010A Bonds. The Registrar shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Resolution.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Series 2010A Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this Resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Series 2010A Bonds, or another securities depository as owner of all the Series 2010A Bonds, the provisions of this Resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of Bond certificates and the method of payment of principal of and interest on such Bonds in the form of Bond certificates.

3.11. Execution and Delivery. The Series 2010A Bonds shall be forthwith prepared for execution under the direction of the Financial Services Manager, at the expense of the City, and shall be executed on behalf of the City by the signatures of the Mayor, City Clerk and Financial Services Manager; provided that any or all of such signatures may be printed, engraved or lithographed facsimiles thereof. When the Series 2010A Bonds have been fully executed and authenticated, they shall be delivered by the Registrar to the order of the Original Purchaser thereof upon payment of the purchase price in accordance with the Bond Purchase Agreement authorized in Section 3.01, and the Original Purchaser shall not be obligated to see to the application of the purchase price and is not responsible for the application thereof.

3.12. Form of Series 2010A Bonds. The Series 2010A Bonds shall be prepared in substantially the form set forth as Exhibit A; provided that so long as Series 2010A Bonds are registered in the name of Cede & Co. as provided in Section 3.11, such Series 2010A Bonds may provide for the payment of the Redemption Price upon the partial redemption thereof without presentation and surrender of the Series 2010A Bond.

3.13. Deposit of Series 2010A Bond Proceeds. Immediately upon delivery of the Series 2010A Bonds the City shall credit the proceeds of the Series 2010A Bonds to the

following accounts in the Airport Fund created pursuant to Section 6 and apply such proceeds as follows:

- (a) To the Escrow Agent under the escrow agreement relating to the redemption of the Series 2000 Bonds the amount of \$7,544,794;
- (b) To the Debt Service Account the sum of \$5,560.68; and
- (c) To the Construction Account the balance of the proceeds of the Series 2010A Bonds to be used to pay costs of issuance of the Series 2010A Bonds.

Section 4. Defeasance of Refunded Bonds; Escrow Agreement.

4.01. Defeasance of Refunded Bonds. Simultaneously with the delivery of the Series 2010A Bonds, the Series 2000 Bonds with Stated Maturities in 2011 and later years will be irrevocably directed to be called for redemption on September 13, 2010, at a Redemption Price equal to 102% of the principal amount thereof with interest accrued to the date of redemption. The Financial Services Manager is hereby authorized and directed to give notice to the Paying Agent for the Series 2000 Bonds of the redemption of the Refunded Bonds at least 45 days prior to the Redemption Date of the Refunded Bonds so that such Paying Agent may give notice of such redemption in accordance with the provisions of the Series 2000 Bond Resolution, such notice or redemption to be sent on or promptly after the date of issuance of the Series 2010A Bonds to the Holder of each Series 2000 Bond to be redeemed and to MBIA Insurance Corporation within 60 days but not less than 30 days before said redemption date, and to D.A. Davidson & Co., of Great Falls, Montana, as the original purchaser of the Series 2000 Bonds, to the DTC, and to one or more national information reporting services at least 35 days before said redemption date. Upon establishment and funding of the escrow account pursuant to Section 4.02 and the escrow agreement, the liability of the City with respect to the Refunded Bonds shall be discharged in its entirety, as provided in Section 11.04 of the 2000 Resolution. Upon the redemption of the Refunded Bonds being redeemed, any excess monies, including investment income, held by the 2000 Paying Agent shall be remitted to the City and credited by the City to the Debt Service Account in the Airport Revenue Fund and applied to paying interest on the Series 2010A Bonds on January 1, 2011.

4.02. Escrow; Redemption of Series 2000 Bonds. Simultaneously with the delivery of the Series 2010A Bonds, the Financial Services Manager shall deposit or direct to be deposited in escrow in trust for the benefit of the City with U.S. Bank National Association, of Seattle, Washington, as Escrow Agent, the sum of \$7,544,794 from the proceeds of the Series 2010A Bonds, plus from money on hand and available therefor the additional sum required to pay as of the date of delivery of the Series 2010A Bonds the Redemption Price of the Refunded Bonds as of the Redemption Date (i.e., September 13, 2010). The Financial Services Manager shall cause the amount so deposited, to the extent not applied to establish a cash balance, to be invested in Government Obligations. The escrow account and all investments thereof shall be held in safekeeping by said Escrow Agent, and said account and all income therefrom are irrevocably appropriated for the purposes stated in Section 4.01 and this Section, and any excess monies remaining in the Escrow Account upon redemption of the Refunded Bonds on September 13, 2010 shall be transferred promptly to the Debt Service Account to pay interest on the Series 2010A Bonds on January 1, 2011. At or before the time of making said deposit and investment

the Mayor, Financial Services Manager and the City Clerk shall execute on the part of the City an escrow agreement with said escrow agent, substantially in accordance with the form of such agreement which has been presented to this Council at the meeting at which this resolution was adopted, and is hereby approved.

Section 5. Lien on Net Revenues; Passenger Facility Charges; Customer Facility Charges; Additional Bonds.

5.01. Parity Lien on Net Revenues; Passenger Facility Charges; Customer Facility Charges; Special Purpose Facility Bonds.

(a) All Bonds issued hereunder shall be secured, equally and ratably, by a first lien upon the Net Revenues of the Airport, the Gross Revenues being subject to the prior appropriation thereof to the Maintenance and Operating Account for the payment of Maintenance and Operating Expenses, as provided in Section 6.05.

(b) Bonds issued hereunder may also be secured by the covenant and agreement of the City in Section 6.06 to pledge and appropriate Passenger Facility Charges, if then available, to the subaccount in the Debt Service Account relating to PFC Bonds of such series. Such pledge in favor of Outstanding PFC Bonds shall not limit the ability of the City to expend in any Fiscal Year pledged Passenger Facility Charges in excess of the Debt Service Requirements during such Fiscal Year on all Outstanding PFC Bonds. The City covenants and agrees that from and after the issuance of Additional Bonds that are PFC Bonds and so long as such PFC Bonds are Outstanding, it will not decrease the rate or amount of Passenger Facility Charges, that it will not pledge or grant a security interest in the Passenger Facility Charges other than pursuant to FAA regulations or rules or this Resolution, and that it will pledge Passenger Facility Charges to the payment of and security of Additional Bonds constituting PFC Bonds only if the requirements of Section 5.04 (including paragraph (c) thereof) are satisfied.

(c) Bonds issued hereunder may also be secured by the covenant and agreement of the City in Section 6.06 to pledge and appropriate Customer Facility Charges, if then available, to the subaccount in the Debt Service Account relating to CFC Bonds of such series. Such pledge in favor of Outstanding CFC Bonds shall not limit the ability of the City to expend in any Fiscal Year pledged Customer Facility Charges in excess of the Debt Service Requirements during such Fiscal Year on all Outstanding CFC Bonds. The City covenants and agrees that from and after the issuance of Additional Bonds that are CFC Bonds and so long as such CFC Bonds are Outstanding, it will not pledge or grant a security interest in the Customer Facility Charges other than pursuant to the Customer Facility Charge Ordinance or this Resolution and that it will pledge Customer Facility Charges to the payment of and security of Additional Bonds constituting CFC Bonds only if the requirements of Section 5.04 (including paragraph (d) thereof) are satisfied.

(d) The Series 2010A Bonds are secured equally and ratably with all other Outstanding Bonds by the Net Revenues. In the event of the issuance of Additional Bonds that are either PFC Bonds or CFC Bonds, the failure of the City to transfer Passenger Facility Charges or Customer Facility Charges, as the case may be, to the applicable subaccount in the Debt Service Account because there are not sufficient Passenger Facility Charges or Customer

Facility Charges, as the case may be, then available shall not constitute a default hereunder, so long as sufficient Net Revenues are transferred.

(e) Special Purpose Facility Bonds are permitted by and are not subject to the lien of the Resolution. The City reserves the unconditional right to issue Special Purpose Facility Bonds for the acquisition, construction, reconstruction, enlargement, improvement and equipment of any Special Purpose Facility, or the refinancing thereof, outside the provisions of and not subject to the lien, provisions or limitations of the Resolution.

5.02. General Provisions. In addition to the Series 2010A Bonds, whose issuance and delivery are provided for in Section 3, Additional Bonds may at any time and from time to time be issued, sold and delivered by the City but only upon filing with the City Clerk and the Registrar the following:

(a) A Supplemental Resolution creating the designated series of Additional Bonds and authorizing the issuance and the sale thereof to the Original Purchaser named therein for the purchase price set forth therein or pursuant thereto;

(b) An Opinion of Bond Counsel stating in effect:

(i) that all conditions precedent provided in this Resolution relating to the issuance and delivery of such Additional Bonds have been complied with, including any conditions precedent specified in this Section;

(ii) that the series of Additional Bonds when issued and delivered by the City will be valid and binding special, limited obligations of the City in accordance with their terms and the terms hereof and entitled to the benefits of and secured by this Resolution; and

(iii) that the issuance of such Additional Bonds will not adversely affect the exemption from federal income taxation of the interest on any Bonds then Outstanding the interest on which is excludable from gross income for federal income tax purposes.

(c) A certificate signed by the Mayor, City Clerk and Financial Services Manager stating that the City is not then in default under this Resolution or that any default then existing will be cured upon the issuance of the Additional Bonds and that on the date of issuance of such Additional Bonds and after giving effect to the issuance of such Additional Bonds the balance in the Debt Service Reserve Account is not less than the Reserve Requirement; and

(d) Such other certificates and opinions as may be required to satisfy Sections 5.04 through 5.07.

5.03. Completion Bonds.

(a) Authorization of Completion Bonds. If the proceeds from the sale of a series of Bonds are insufficient to finance the costs of the Project for which the Bonds were issued, the City may issue Completion Bonds in such amount as is necessary to defray any such

additional cost, subject to the limitations contained herein or in a Supplemental Resolution. Completion Bonds shall be issued in accordance with Section 5.02, however, compliance with Section 5.04 is not required.

Prior to any delivery of Completion Bonds there shall be filed with the City Clerk a certificate of the Consulting Engineer (i) stating that the Project has not materially changed from its description in the Supplemental Resolution relating to the initial series of Bonds issued to finance such Project, (ii) estimating the revised aggregate cost of such Project, (iii) stating that the revised aggregate cost of such Project cannot be paid with the moneys available on the date of the certificate in the Construction Account or in the Capital Account or amounts retained in the Revenue Account, and (iv) stating that, in the opinion of the Consulting Engineer, the issuance of the Completion Bonds is necessary to provide funds for the completion of the Project.

(b) Limitation on Completion Bonds. The aggregate principal amount of Completion Bonds that may be issued by the City to complete a Project may not exceed 30% of the aggregate principal amount of the initial series of Bonds issued to finance such Project.

5.04. Additional Bonds for Projects. One or more series of Additional Bonds (other than Completion Bonds) may be issued to finance the cost of a Project. Unless the Additional Bonds are issued pursuant to Section 5.04(a)(4), prior to the issuance of such series of Additional Bonds, there shall be filed with the City Clerk:

(a) (1) If the Additional Bonds are proposed to be secured by only Net Revenues, a certificate or opinion of an Independent Accountant (i) setting forth (A) the Net Revenues for the most recent Audited Fiscal Year immediately preceding the delivery of such series of Additional Bonds, as determined by the Independent Accountant, and (B) the maximum Debt Service Requirements in the current or any future Fiscal Year in respect of the Bonds to be Outstanding upon issuance of such Additional Bonds that are secured by Net Revenues alone (including such proposed Additional Bonds but excluding any Bonds not to be Outstanding upon issuance of such Additional Bonds); and (ii) demonstrating that the Net Revenues are not less than 125% of the maximum Debt Service Requirements in the current or any future Fiscal Year during the term of such Bonds. In computing the Debt Service Requirements to determine whether the revenue coverage test is satisfied by the application of Net Revenues, the Independent Accountant shall disregard the debt service on any Outstanding CFC Bonds to the extent that Customer Facility Charges satisfy 125% of the maximum Debt Service Requirements for the current or any future Fiscal Year on such CFC Bonds (calculated as provided in Section 5.04(a)(2)) and the debt service on any Outstanding PFC Bonds to the extent that Passenger Facility Charges satisfy 125% of the maximum Debt Service Requirements for the current or any future Fiscal Year on such PFC Bonds (calculated as provided in Section 5.04(a)(3)) and apply the Net Revenues only against the debt service on the Outstanding Bonds and proposed Additional Bonds that are secured only by Net Revenues. To the extent that the debt service on CFC Bonds or PFC Bonds cannot be excluded from Debt Service Requirements by reason of the preceding sentence, the Independent Accountant shall take into account both the CFC Bond debt service and the Customer Facility Charges or the PFC Bond debt service and the Passenger Facility Charges, as applicable, prior to the application of Net Revenues

against the debt service on the CFC Bonds or PFC Bonds, as applicable, in determining whether the revenue coverage test is satisfied.

(2) Except as set forth in 5.04(a)(4), if the Additional Bonds are proposed to be issued as CFC Bonds, a certificate or opinion of an Independent Accountant (i) setting forth (A) the Net Revenues and Customer Facility Charges for the most recent Audited Fiscal Year immediately preceding the delivery of Additional Bonds proposed to be issued as CFC Bonds, as determined by the Independent Accountant, and (B) the maximum Debt Service Requirements in the current or any future Fiscal Year in respect of the Bonds to be Outstanding upon the issuance of the Additional Bonds that are secured by either Net Revenues alone or by Net Revenues and Customer Facility Charges (including such proposed Additional Bonds but excluding any Bonds not to be Outstanding upon issuance of such Additional Bonds) and (ii) demonstrating that the sum of the Customer Facility Charges in respect of Outstanding CFC Bonds or CFC Bonds proposed to be issued plus Net Revenues is not less than 125% of the maximum Debt Service Requirements in the current or any future Fiscal Year during the term of such Bonds. In computing the Debt Service Requirements to determine whether the revenue coverage test is satisfied, the Independent Accountant shall disregard the debt service on any Outstanding PFC Bonds to the extent that Passenger Facility Charges satisfy 125% of the maximum Debt Service Requirements for the current or any future Fiscal Year on such PFC Bonds (calculated as provided in Section 5.04(a)(3)) and apply the Net Revenues and Customer Facility Charges, as applicable, only against the debt service on the Outstanding Bonds and Additional Bonds proposed to be issued that are secured by only Net Revenues or by Net Revenues and Customer Facility Charges. To the extent the debt service on PFC Bonds cannot be excluded from Debt Service Requirements by reason of the preceding sentence, the Independent Accountant shall take into account both the PFC Bond debt service and the Passenger Facility Charges, as applicable, prior to the application of Net Revenues against the debt service on the PFC Bonds in determining whether the revenue coverage test is satisfied.

If the City has increased the rate or charge of its Customer Facility Charges during or since the end of the most recent Audited Fiscal Year and such increased rate or charge of Customer Facility Charges are in effect at the time of issuance of the Additional Bonds proposed to be issued as CFC Bonds or are authorized to go into effect within 60 days thereafter, the Independent Accountant may adjust historical Customer Facility Charges for the most recent Audited Fiscal Year to include Customer Facility Charges which would have been received had such increased rate or charge of Customer Facility Charges been in effect for such entire Audited Fiscal Year.

(3) If the Additional Bonds are proposed to be issued as PFC Bonds, (i) the certificate of the Director of Aviation and Transit required by Section 5.04(c) confirming the approval by the FAA of the application for the Passenger Facility Charges to finance costs of a Project with Additional Bonds that are PFC Bonds (the “Additional PFC Bonds Application”); and (ii) a certificate or opinion of an Independent Accountant or Independent Airport Consultant setting forth (A) the Passenger Facility Charges available to pay the debt service on the Additional Bonds proposed to be issued as PFC Bonds and any Outstanding PFC Bonds in the current or any future Fiscal Year during the term of such Bonds from Passenger Facility Charges in effect prior to the Additional

PFC Bonds Application and as well pursuant to the Additional PFC Bonds Application and the Net Revenues for the most recent Audited Fiscal Year immediately preceding the delivery of the Additional Bonds to be issued as PFC Bonds, as determined by the Independent Accountant or Independent Airport Consultant, and (B) the maximum Debt Service Requirements in the current or any future Fiscal Year in respect of the Bonds to be Outstanding upon the issuance of the Additional Bonds that are secured by either Net Revenues alone or by Net Revenues and Passenger Facility Charges (including such proposed Additional Bonds but excluding any Bonds not to be Outstanding upon issuance of such Additional Bonds) and (C) demonstrating that the sum of Passenger Facility Charges in respect of Outstanding PFC Bonds or PFC Bonds proposed to be issued plus Net Revenues is not less than 125% of the maximum Debt Service Requirements in the current or any future Fiscal Year during the term of such Bonds. In computing the Debt Service Requirements to determine whether the revenue coverage test is satisfied, the Independent Accountant or Independent Airport Consultant shall disregard the debt service on any Outstanding CFC Bonds to the extent that Customer Facility Charges satisfy 125% of the maximum Debt Service Requirements for the current or any future Fiscal Year on such CFC Bonds (calculated as provided in Section 5.04(a)(2)) and apply the Net Revenues and Passenger Facility Charges, as applicable, only against the debt service on the Outstanding Bonds and Additional Bonds proposed to be issued that are secured by only Net Revenues or by Net Revenues and Passenger Facility Charges. To the extent the debt service on CFC Bonds cannot be excluded from Debt Service Requirements by reason of the preceding sentence, the Independent Accountant or Independent Airport Consultant shall take into account both the CFC Bond debt service and the Customer Facility Charges, as applicable, prior to the application of Net Revenues against the debt service on the CFC Bonds in determining whether the revenue coverage test is satisfied.

(4) In addition to and notwithstanding Sections 5.04(a)(1), (2) and (3) above or any other provision in this Original Resolution to the contrary, the City is authorized to issue Additional Bonds that are CFC Bonds in one or more series in the aggregate principal amount of up to \$8,250,000, so long as any such Additional Bonds are issued on or before June 30, 2012.

(5) In making the foregoing calculations in Section 5.04(a)(1), (2), or (3), the Independent Accountant or Independent Airport Consultant, as the case may be, may take into consideration the Passenger Facility Charges or the Customer Facility Charges only to the extent of 125% of the maximum Debt Service Requirements in the current or any future Fiscal Year in respect of, as the case may be, Outstanding PFC Bonds or Additional Bonds proposed to be issued as PFC Bonds or Outstanding CFC Bonds or Additional Bonds proposed to be issued as CFC Bonds.

(b) If the certificate or opinion provided for in paragraph (a) is not filed, in lieu thereof, the following:

(1) a certificate or opinion of an Independent Accountant (i) setting forth, for the last Audited Fiscal Year or for any period of twelve consecutive calendar months out of the eighteen calendar months immediately preceding the delivery of such series of Additional Bonds, as determined by the Independent