

## 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 \$1,080,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2010; FIXING THE FORM AND DETAILS, MAKING COVENANTS WITH RESPECT THERETO, AUTHORIZING THE EXECUTION AND DELIVERY AND LEVYING TAXES FOR THE PAYMENT THEREOF" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City at a regular meeting on August 23, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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, McFadden, Ruegamer, McCall, Ulledalen, Astle, and Clark; voted against the same: none; abstained from voting thereon: none; or were absent: Cimmino.

WITNESS my hand officially this 23rd day of August, 2010.

(SEAL)



*Cari Martini*  
City Clerk

RESOLUTION NO. 10-18977

RESOLUTION RELATING TO \$1,080,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2010; FIXING THE FORM AND DETAILS, MAKING COVENANTS WITH RESPECT THERETO, AUTHORIZING THE EXECUTION AND DELIVERY AND LEVYING TAXES FOR THE PAYMENT THEREOF

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

Section 1. Recitals, Authorization and Sale.

1.01 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 aggregate 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 with stated maturities in 2011 and thereafter and outstanding in the aggregate principal amount of \$1,105,000 (the "Refunded Bonds") will be refunded in one series of bonds to be issued by the City.

1.02 The Refunded Bonds mature on July 1 in the years 2011 through 2020, and bear interest at the rates ranging from 5.25% to 5.75% per annum.

1.03 On July 12, 2010, the City authorized and provided for the issuance and sale of \$1,110,000 general obligation refunding bonds (the "Series 2010 Bonds"), as such total dollar amount may be adjusted as provided in the resolution, for the purpose of reducing the interest cost on the Refunded Bonds and reducing the taxes necessary to pay the principal of and interest on such bonds.

1.04 Pursuant to such authorization, this Council at a public sale duly noticed and held on August 9, 2010, adjusted the total principal amount of the Series 2010 Bonds as permitted by the Terms and Conditions of Sale and awarded the sale of the Series 2010 Bonds to Robert W. Baird & Co., Inc., of Milwaukee, Wisconsin (the "Original Purchaser"), on a bid to purchase the Series 2010 Bonds in the aggregate principal amount of \$1,080,000 at a purchase price of \$1,105,857.98 (reflecting an underwriter's discount of \$6,242.40, original issue premium of \$31,072.25, and accrued interest of \$1,028.13), the Series 2010 Bonds 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 this resolution. The sale of the Series 2010 Bonds to the Original Purchaser is hereby ratified and confirmed.

The interest rates to be borne by the Series 2010 Bonds result in a total dollar interest cost of \$145,209.17, a true interest cost of 2.001772%, an average annual interest rate of 2.483056% per annum, and a net present value interest savings of \$182,223.60, using a discount rate of 1.888% per annum (the approximate yield of the Series 2010 Bonds) over the term of the Refunded Bonds. As required by Montana Code Annotated, Section 7-7-4304, average annual

interest rate on the Series 2010 Bonds (2.483056%) is more than 1/2 of 1% percent (0.50%) per annum less than the average annual rate of interest on the Refunded Bonds (5.595593%). It is now desirable, proper and in the best interest of the City that the form and details of the Series 2010 Bonds be set forth and prescribed in the official proceedings of this Council.

1.05 All acts, conditions and things required by the Constitution and laws of the State of Montana to be done, to exist, to happen and to be performed prior to the issuance of the Series 2010 Bonds have been done, do exist, have happened, and have been performed in due time, form and manner. It is now necessary for this Council to establish the form and terms of the Series 2010 Bonds and to provide for the security thereof and to issue the Series 2010 Bonds.

Section 2. The Series 2010 Bonds.

2.01 The Series 2010 Bonds shall mature on July 1 in the years and amounts set forth below, and Series 2010 Bonds shall bear interest from date of delivery, until paid, at the rate per annum shown opposite such years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	Interest <u>Rate</u>
2011	\$105,000	2.000%
2012	105,000	2.000
2013	105,000	2.000
2014	105,000	2.000
2015	105,000	2.000
2016	110,000	2.000
2017	110,000	2.250
2018	110,000	2.500
2019	110,000	3.000
2020	115,000	3.000

Interest on the Series 2010 Bonds shall be calculated on the basis of a year of 360 days composed of twelve 30-day months.

The Series 2010 Bonds shall be issuable only in fully registered form, and the ownership of the Series 2010 Bonds shall be transferred only upon the bond register of the Registrar hereinafter described. Interest on, and upon presentation and surrender thereof at the principal office of the Registrar as hereinafter described, the principal amount of each of the Series 2010 Bonds shall be payable by check or draft issued by the Registrar.

2.02 The Series 2010 Bonds shall bear an original issue date as of August 15, 2010. Upon the delivery of the Series 2010 Bonds to the Original Purchaser in accordance with Section 2.07 and upon delivery of Series 2010 Bonds upon a transfer of ownership or an exchange pursuant to Section 2.03, the Registrar shall note the date of authentication on each Series 2010 Bond so delivered. Interest on the Series 2010 Bonds shall be payable on January 1 and July 1 in each year, commencing January 1, 2011, to the owners thereof as such appear of record in the bond register as of the close of business on the fifteenth day of the immediately preceding

month, whether or not such day is a Business Day. "Business Day" means any day other than a Saturday, Sunday or legal holiday of the State of Montana.

2.03 The City shall appoint, and shall maintain, a bond registrar, transfer agent and paying agent (the "Registrar"). This Section 2.03 shall establish a system of registration for the Series 2010 Bonds as defined in the Model Public Obligations Registration Act of Montana, Montana Code Annotated, Title 17, Chapter 5, Part 11, as amended.

The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

- (a) The Registrar shall keep at its principal office a bond register in which the Registrar shall provide for the registration of ownership of the Series 2010 Bonds and the registration of transfers and exchanges of the Series 2010 Bonds entitled to be registered, transferred or exchanged.
- (b) Upon surrender to the Registrar for transfer of any Series 2010 Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Series 2010 Bonds of a like aggregate principal amount and maturity, as requested by the transferor.
- (c) Whenever any Series 2010 Bond is surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Series 2010 Bonds of a like aggregate principal amount, interest rate and maturity and representing the same principal installments, as requested by the registered owner or the owner's attorney duly authorized in writing.
- (d) All Series 2010 Bonds surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter delivered to the Financial Services Manager.
- (e) When any Series 2010 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 Series 2010 Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.
- (f) The City and the Registrar may treat the person in whose name any Series 2010 Bond is at any time registered in the bond register as the absolute owner of such Series 2010 Bond, whether such Series 2010 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Series 2010 Bond and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and

discharge the liability of the City upon such Series 2010 Bond to the extent of the sum or sums so paid.

(g) For every transfer of Series 2010 Bonds or exchange of Series 2010 Bonds, 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.

In case any Series 2010 Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Series 2010 Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Series 2010 Bond or in lieu of and in substitution for any such Series 2010 Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Series 2010 Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that such Series 2010 Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. All Series 2010 Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the City. If the mutilated, lost, stolen or destroyed Bond has already matured, it shall not be necessary to issue a new Bond prior to payment.

2.04 The City hereby appoints U.S. Bank National Association, of Seattle, Washington, as the initial Registrar. The Mayor, the Financial Services Manager, and the City Clerk are authorized to execute and deliver, on behalf of the City, a contract with U.S. Bank National Association, as Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting 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. The City reserves the right to remove any Registrar upon 30 days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Series 2010 Bonds in its possession as Registrar to the successor Registrar and shall deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of this Council, the Financial Services Manager shall transmit to the Registrar moneys sufficient for the payment of all principal and interest then due.

2.05 The Series 2010 Bonds shall be prepared in substantially the form as set forth on the attached Exhibit A, which by this reference is incorporated into and made a part hereof, with such revisions and modifications as may be approved by the Mayor, the Financial Services Manager, and the City Clerk.

2.06 The Series 2010 Bonds are not subject to optional redemption by the City prior to maturity.

2.07 The Series 2010 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 signature of the Mayor and the Financial Services Manager, and attested

by the signature of the City Clerk; provided that said signatures and the corporate seal may be printed, engraved or lithographed facsimiles thereof. The seal of the City need not be affixed to or imprinted on any Series 2010 Bond. In case any officer whose signature or a facsimile of whose signature shall appear on the Series 2010 Bonds shall cease to be such officer before the delivery of the Series 2010 Bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

When the Series 2010 Bonds have been so executed by said City officers, they shall be registered by the Financial Services Manager in accordance with Montana Code Annotated, Section 7-7-4257. Notwithstanding such execution, the Series 2010 Bonds shall not be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Series 2010 Bonds has been duly executed by the manual signature of an authorized representative of the Registrar. The executed certificate of authentication on the Series 2010 Bonds shall be conclusive evidence that it has been authenticated and delivered under this resolution. When the Series 2010 Bonds have been fully executed and authenticated, they shall be delivered by the Financial Services Manager to the Original Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Original Purchaser shall not be obligated to see to the application of the purchase price.

#### 2.08 Securities Depository.

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

“Beneficial Owner” shall mean, whenever used with respect to a Series 2010 Bond, the person in whose name such Series 2010 Bond is recorded as the beneficial owner of such Series 2010 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 2010 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 Series 2010 Bonds as securities depository.

“Representation Letter” shall mean the Blanket Issuer Letter of Representations from the City to DTC with respect to the Series 2010 Bonds, substantially in the form attached to this resolution as Exhibit B, which is hereby incorporated herein by reference and made a part hereof.

(b) The Series 2010 Bonds shall be initially issued as separately authenticated fully registered bonds, and one Series 2010 Bond shall be issued in the principal amount of each stated maturity of the Series 2010 Bonds. Upon initial issuance, the ownership of such Series 2010 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 2010 Bonds registered in its name for the

purposes of payment of the principal of or interest on the Series 2010 Bonds, giving any notice permitted or required to be given to registered owners of Series 2010 Bonds under this resolution, registering the transfer of Series 2010 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 2010 Bonds under or through DTC or any Participant, or any other person not shown on the bond register as being a registered owner of any Series 2010 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 2010 Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this Resolution, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Series 2010 Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Series 2010 Bond, and shall give all notices with respect to such Series 2010 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 2010 Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2010 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 2010 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 Series 2010 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 Series 2010 Bonds in the form of certificates. In such event, the Series 2010 Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Series 2010 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 2010 Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC by the Mayor with such changes, omissions, insertions and revisions as the Mayor shall deem advisable, is hereby authorized, and execution of the Representation Letter by the Mayor shall be conclusive evidence of such approval. The Representation Letter shall set forth certain matters with respect to, among other things, notices, consents and approvals by registered owners of the Series 2010 Bonds and Beneficial Owners and payments on the Series 2010 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 Series 2010 Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Series 2010 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 Series 2010 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 2010 Bonds, or another securities depository as owner of all the Series 2010 Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Series 2010 Bonds in the form of bond certificates and the method of payment of principal of and interest on such Series 2010 Bonds in the form of bond certificates.

Section 3. Debt Service Account; Tax Levies.

3.01 So long as the Series 2010 Bonds are outstanding and any principal thereof or interest thereon is unpaid, the Financial Services Manager shall cause the City to maintain a separate and special 2010 Debt Service Account (the "Debt Service Account") to be used for no purpose other than the payment of the principal of and interest on the Series 2010 Bonds. The City irrevocably appropriates to the Debt Service Account: (a) all taxes levied in accordance with this resolution, (b) all income derived from the investment of amounts on hand in the Debt Service Account, (c) accrued interest on the Series 2010 Bonds, (d) excess amounts in the escrow account described in Section 4.01, and (e) such other money as shall be received and appropriated to the Debt Service Account from time to time.

3.02 The full faith and credit and taxing powers of the City shall be and are hereby irrevocably pledged to the payment of the Series 2010 Bonds and interest due thereon, and the City shall cause taxes to be levied annually on all taxable property in the City sufficient to pay the interest on the Series 2010 Bonds when it falls due and to pay and discharge the principal at maturity of each and all of the Series 2010 Bonds as they respectively become due.

Section 4. Escrow; Redemption of Refunded Bonds.

4.01 Simultaneously with the delivery of the Series 2010 Bonds, the Financial Services Manager shall cause to be deposited in escrow with U.S. Bank National Association, a sum equal to the amount on hand in the City's debt service account for the Refunded Bonds and proceeds of the Series 2010 Bonds necessary to pay, without regard to investment earnings thereon, the redemption price of the Refunded Bonds to be redeemed on October 5, 2010, which redemption price is equal to the principal amount of the Refunded Bonds plus interest accrued thereon through October 5, 2010, all as set forth in the Escrow Agreement between the City and U.S. Bank National Association (the "Escrow Agreement"), the draft form of which has been submitted to this Council and is hereby approved, subject to necessary or appropriate additions or deletions. The Financial Services Manager shall cause the amount so deposited to be invested in securities of the type described in Montana Code Annotated, Section 7-7-4316. Amounts in the escrow account shall be transferred to the City on or before October 5, 2010 to pay the redemption price of the Refunded Bonds and amounts in excess thereof will be deposited in the Debt Service Account to pay interest on the Series 2010 Bonds due on January 1, 2011. 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 this Section 4.01. At or before the time of making said deposit and investment the Mayor, the Financial Services Manager, and the City Clerk shall execute on the part of the City the Escrow Agreement with said escrow agent, in the form of such agreement which has been presented to this Council at the meeting at which this resolution was adopted, with such additions thereto or

deletions therefrom as are necessary or appropriate. In accordance with the provisions of Montana Code Annotated, Section 7-7-4316, upon the establishment and funding of the escrow account pursuant to this Section 4.01, the Refunded Bonds shall no longer be considered outstanding for purposes of Montana Code Annotated, Section 7-7-4201 or any other debt limitation.

4.02 In accordance with the provisions of the Escrow Agreement approved in Section 4.01, the Refunded Bonds are hereby called for redemption on October 5, 2010.

#### Section 5. Tax Matters.

5.01 Use of Project. The proceeds of the Series 2000 Bonds were used for the purpose of designing, constructing and equipping in Billings Heights a community recreation center, including gymnasium, other recreation meeting, and support spaces and an indoor/outdoor recreation and aquatic center and refurbishing and rehabilitating playgrounds, basketball courts and tennis courts as required in existing parks and related improvements including repairing and reconstruction of parking lots as needed, and providing matching funds for constructing bikenet trails (the "Project") and paying costs associated with the issuance and sale of the Series 2000 Bonds. The Project will continue to be owned and operated by the City and used by the City to provide recreation opportunities for members of the general public. The City shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the Project or security for the payment of the Series 2010 Bonds which might cause the Series 2010 Bonds to be considered "private activity bonds" or "private loan bonds" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code").

5.02 General Covenant. The City covenants and agrees with the registered owners from time to time of the Series 2010 Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Series 2010 Bonds to become includable in gross income for federal income tax purposes under the Code and applicable Treasury Regulations (the "Regulations"), and covenants to take any and all actions within its powers to ensure that the interest on the Series 2010 Bonds will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

5.03 Arbitrage Certification. The Mayor, the City Clerk and the Financial Services Manager, being the officers of the City charged with the responsibility for issuing the Series 2010 Bonds pursuant to this resolution, are authorized and directed to execute and deliver to the Original Purchaser a certificate in accordance with the provisions of Section 148 of the Code, and Section 148-2(b) of the Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Series 2010 Bonds, it is reasonably expected that the proceeds of the Series 2010 Bonds will not be used in a manner that would cause the Series 2010 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations.

5.04 Arbitrage Rebate. The City acknowledges that the Bonds are subject to the rebate requirements of Section 148(f) of the Code. The City covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under said Section 148(f) and applicable Treasury Regulations to preserve the exclusion of interest on the Bonds from gross income for federal income tax

purposes, unless the Bonds qualify for the exception from the rebate requirement under Section 148(f)(4)(B) of the Code and no “gross proceeds” of the Bonds (other than amounts constituting a “bona fide debt service fund”) arise during or after the expenditure of the original proceeds thereof. In furtherance of the foregoing, the Mayor, the City Clerk and the Financial Services Manager are hereby authorized and directed to execute a Rebate Certificate, substantially in the form to be prepared by Bond Counsel, and the City hereby covenants and agrees to observe and perform the covenants and agreements contained herein, unless amended or terminated in accordance with the provisions thereof.

5.05 Information Reporting. The City shall file with the Secretary of the Treasury, not later than November 15, 2010, a statement concerning the Series 2010 Bonds containing the information required by Section 149(e) of the Code.

5.06 “Qualified Tax-Exempt Obligations.” Pursuant to Section 265(b)(3)(D)(ii) of the Code, the Series 2010 Bonds are deemed designated by the City as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. The City hereby represents that it does not anticipate that obligations bearing interest not includable in gross income for purposes of federal income taxation under Section 103 of the Code (including refunding obligations as provided in Section 265(b)(3) of the Code and including “qualified 501(c)(3) bonds” but excluding other “private activity bonds,” as defined in Sections 141(a) and 145(a) of the Code) will be issued by or on behalf of the City and all “subordinate entities” of the City in 2010 in an amount greater than \$30,000,000.

Section 6. Authentication of Transcript. The officers of the City are hereby authorized and directed to furnish to the Original Purchaser and to bond counsel certified copies of all proceedings relating to the issuance of the Series 2010 Bonds and such other certificates and affidavits as may be required to show the right, power and authority of the City to issue the Series 2010 Bonds, and all statements contained in and shown by such instruments, including any heretofore furnished, shall constitute representations of the City as to the truth of the statements purported to be shown thereby.

Section 7. Defeasance. When all of the Series 2010 Bonds have been discharged as provided in this Section 7, all pledges, covenants and other rights granted by this resolution to the owners of the Series 2010 Bonds shall cease. The City may discharge its Series 2010 Bonds with respect to any Series 2010 Bonds which are due on any date by irrevocably depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any Series 2010 Bond should not be paid when due, the City may nevertheless discharge its liability with respect thereto by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also at any time discharge its Series 2010 Bonds with respect to any Series 2010 Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or securities which are general obligations of the United States or securities of United States agencies which are authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without reinvestment, to pay all principal and interest to become due thereon to maturity.

## Section 8. Continuing Disclosure.

(a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Series 2010 Bonds and the security therefor and to permit the Original Purchaser and other participating underwriters in the primary offering of the Series 2010 Bonds to comply with amendments to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the “Rule”), which will enhance the marketability of the Series 2010 Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Series 2010 Bonds. The City is the only “obligated person” in respect of the Series 2010 Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. The City has complied in all material respects with any undertaking previously entered into by it under the Rule.

If the City fails to comply with any provisions of this Section, any person aggrieved thereby, including the Owners of any Outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any such covenant. Direct, indirect, consequential and punitive damages shall not be recoverable, however, for any default thereunder. In no event shall a default under the this Section constitute a default under the Bonds or under any other provision of this Resolution.

As used in this Section 8, “Owner” or “Bondowner” means, in respect of a Series 2010 Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any “Beneficial Owner” (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, “Beneficial Owner” means, in respect of a Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Series 2010 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

As used herein, a “Material Fact” is a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Series 2010 Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a “Material Fact” is also an event that would be deemed “material” for purposes of the Rule.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

(1) to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB, on or before 270 days after the end of each fiscal year of the City, commencing with the fiscal year ending June 30, 2010, the following financial information and operating data in respect of the City (the “Disclosure Information”):

(A) the audited financial statements of the City for such fiscal year, accompanied by the audit report and opinion of the accountant or government auditor relating thereto, as permitted or required by the laws of the State of Montana, containing balance sheets as of the end of such fiscal year and a statement of operations, changes in fund balances and cash flows for the fiscal year then ended, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Montana law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the Financial Services Manager of the City; and

(B) To the extent not provided in the financial statements referred to in paragraph (A), information of the type set forth below, which information may be unaudited, but is to be certified as to accuracy and completeness in all material respects by the City's Financial Services Manager to the best of his or her knowledge, which certification may be based on the reliability of information obtained from governmental or other third party sources:

- (1) updated figures for the City for the then current fiscal year to include general obligation bonds outstanding, market valuation, taxable valuation, estimated City population, and debt capacity;
- (2) a description of any additional borrowings of the City;
- (3) tax levy figures for the then current fiscal year in format similar to the table in the section "City Tax Rates, Levies, and Collections" in the Official Statement;
- (4) tax collection figures for the then most recent completed fiscal year in format similar to the table in the section "Tax Collections" in the Official Statement; and
- (5) a list of the major taxpayers for the City for the then current fiscal year in format similar to the table in the section "Major Taxpayers" in the Official Statement.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the City shall provide the audited financial statements.

Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the MSRB as described under subsection (c). If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify in the Disclosure Information each document so incorporated by reference.

If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be a Material Fact, then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations.

If the Disclosure Information is changed or this Section is amended as permitted by this paragraph (b)(1) or subsection (d), then the City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(2) In a timely manner, notice of the occurrence of any of the following events which is a Material Fact:

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults;
- (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;
- (F) Adverse tax opinions or events affecting the tax-exempt status of the security;
- (G) Modifications to rights of security holders;
- (H) Bond calls;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the securities; and
- (K) Rating changes.

(3) In a timely manner, notice of the occurrence of any of the following events or conditions:

- (A) the failure of the City to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;

- (B) the amendment or supplementing of this Section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);
- (C) the termination of the obligations of the City under this Section pursuant to subsection (d);
- (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information or the audited financial statements, if any, furnished pursuant to subsection (b)(1) are prepared; and
- (E) any change in the fiscal year of the City.

(c) Manner of Disclosure. The City agrees to make available the information described in subsection (b) to the following entities by electronic transmission, telecopy, overnight delivery, mail or other means, as appropriate:

- (1) to the MSRB via the Electronic Municipal Market Access System (“EMMA”) operated by the MSRB or in a manner as may be otherwise proscribed by the MSRB consistent with the Rule; and
- (2) to any rating agency then maintaining a rating of the Series 2010 Bonds and, at the expense of such Bondowner, to any Bondowner who requests in writing such information, at the time of transmission under paragraph (1) of this subsection (c), or, if such information is transmitted with a subsequent time of release, at the time such information is to be released.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(d) Term; Amendments; Interpretation.

(1) The covenants of the City in this Section shall remain in effect so long as any Series 2010 Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this Section shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the requirements of this Section will not cause participating underwriters in the primary offering of the Series 2010 Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successor thereto or amendatory thereof.

(2) This Section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to or the consent of the Owners of any Series 2010 Bonds, by a resolution of this Council filed in the office of the City Clerk of the City accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or

regulation or a change in the identity, nature or status of the City or the type of operations conducted by the City, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this Section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Series 2010 Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

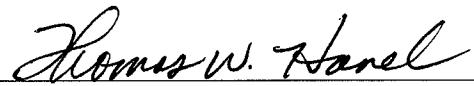
If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(3) This Section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

(e) Further Limitation of Liability of City. In and to the extent the limitations of liability contained in subsection (a) are not effective, anything contained in this Section to the contrary notwithstanding, in making the agreements, provisions and covenants set forth in this Section, the City has not obligated itself except with respect to the taxes pledged solely to repayment of the Series 2010 Bonds. None of the agreements or obligations of the City contained herein shall be construed to constitute an indebtedness of the City within the meaning of any constitutional or statutory provisions whatsoever or constitute a pledge of the general credit or taxing powers of the City.

Section 9. Effective Date. This resolution shall become effective upon adoption.

Passed and adopted this 23rd day of August, 2010.

  
\_\_\_\_\_  
Thomas W. Hanel  
Thomas W. Hanel, Mayor

Attest: Cari Martin  
Cari Martin, City Clerk

(SEAL)



EXHIBIT A

UNITED STATES OF AMERICA  
STATE OF MONTANA  
YELLOWSTONE COUNTY

**CITY OF BILLINGS, MONTANA**

GENERAL OBLIGATION REFUNDING BOND, SERIES 2010

No. \_\_\_\_\_ \$ \_\_\_\_\_

<u>Rate</u>	<u>Maturity Date</u>	Date of <u>Original Issue</u>	<u>CUSIP</u>
%	July 1,	August 15, 2010	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS AND NO/100

FOR VALUE RECEIVED, THE CITY OF BILLINGS, MONTANA (the "City"), acknowledges itself to be indebted and hereby promises to pay to the registered owner named above, or registered assigns, without the option of prior redemption, the principal amount specified above on the maturity date specified above, and to pay interest on said principal amount from August 15, 2010 or from the most recent date to which interest hereon has been paid or duly provided for until this Bond is paid at the annual rate specified above. Principal of this Bond is payable upon presentation and surrender hereof to U.S. Bank National Association, as Bond Registrar, Transfer Agent and Paying Agent, or its successor designated under the Resolution described herein (the "Registrar"), at its operations center in St. Paul, Minnesota. Interest on this Bond is payable semiannually on each January 1 and July 1, commencing January 1, 2011, by check or draft mailed by the Registrar to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a Business Day) of the immediately preceding month, at his address as it appears on the bond register maintained by the Registrar. "Business Day" means any day other than a Saturday, Sunday or legal holiday of the State of Montana.

The principal of and interest on this Bond are payable in lawful money of the United States of America. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith, credit and taxing powers of the City have been and are hereby irrevocably pledged.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this

Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the City.

This Bond is one of an issue in the aggregate principal amount of \$1,080,000 (the "Series 2010 Bonds"), all of like date of original issue and tenor except as to serial number, date, denomination, maturity date and interest rate, issued for the purpose of refunding certain valid outstanding general obligation bonds of the City, all pursuant to Title 7, Chapter 7, Part 43, Montana Code Annotated, and resolutions duly adopted by the City Council, including a resolution adopted on August 23, 2010 (the "Resolution"), and in full conformity with the Constitution and laws of the State of Montana thereunto enabling. The Series 2010 Bonds are issuable only as fully registered bonds of single maturities, in denominations of \$5,000 or any integral multiple thereof.

The Series 2010 Bonds are not subject to optional redemption by the City prior to maturity.

The Series 2010 Bonds have been deemed designated by the City as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended.

As provided in the Resolution and subject to certain limitations set forth therein, this Series 2010 Bond is transferable upon the books of the City at the principal office of the Registrar, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his attorney; and may also be surrendered in exchange for Series 2010 Bonds of other authorized denominations. Upon any such transfer or exchange, the City will cause a new Series 2010 Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Montana to be done, to exist, to happen and to be performed precedent to and in the issuance of this Bond, in order to make it a valid and binding general obligation of the City according to its terms, have been done, do exist, have happened and have been performed in regular and due time, form and manner as so required; and that an annual ad valorem tax will be duly levied on all of the taxable property in the City sufficient to pay the interest hereon when it falls due and also to pay and discharge the principal of this Bond at maturity.

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

IN WITNESS WHEREOF, City of Billings, State of Montana, by its City Council, has caused this Bond to be executed by the facsimile signatures of the Mayor, the Financial Services Manager and the City Clerk.

(Facsimile Signature)  
Mayor

(Facsimile Signature)  
Financial Services Manager

(Facsimile Signature)  
City Clerk

(Facsimile Seal)

Dated:

#### CERTIFICATE OF AUTHENTICATION

This is one of the Series 2010 Bonds delivered pursuant to the Resolution mentioned within.

U.S. BANK NATIONAL ASSOCIATION,  
as Registrar

By \_\_\_\_\_  
Authorized Representative

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common

UTMA. .... Custodian. ....  
(Cust) (Minor)

TEN ENT – as tenants by the entireties

under Uniform Transfers to  
Minors Act. ....  
(State)

JT TEN – as joint tenants with right of  
survivorship and not as tenants in  
common

Other abbreviations may also be used.

---

#### ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

PLEASE INSERT SOCIAL SECURITY OR  
OTHER IDENTIFYING NUMBER OF  
ASSIGNEE:

NOTICE: The signature(s) to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration, enlargement or any change whatsoever.

SIGNATURE GUARANTEE:

---

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Bond Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Bond Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

THE DEPOSITORY TRUST COMPANY  
BLANKET ISSUER LETTER OF REPRESENTATION