

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Billings, Montana (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. 10-19005, entitled: "RESOLUTION RELATING TO THE CITY OF BILLINGS AIRPORT; PRESCRIBING TERMS AND CONDITIONS FOR THE ISSUANCE OF \$6,525,000 AIRPORT REVENUE BONDS, SERIES 2010B (CUSTOMER FACILITY CHARGE SUPPORTED) AND FIXING THE TERMS AND CONDITIONS THEREOF AND PLEDGING CERTAIN REVENUES AS SECURITY FOR THE BONDS" (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 special meeting on October 4, 2010, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Council Members voted in favor thereof: Ronquillo, Gaghen, Pitman, Cimmino, McFadden, Ruegamer, McCall, Ulledalen, Astle, and Clark; voted against the same: none; abstained from voting thereon: none; or were absent: none.

WITNESS my hand officially this 4th day of October, 2010.

Cari Martin
City Clerk

SUPPLEMENTAL BOND RESOLUTION

Relating to

\$6,525,000 AIRPORT REVENUE BONDS, SERIES 2010B
(CUSTOMER FACILITY CHARGE SUPPORTED)

CITY OF BILLINGS

Adopted: October 4, 2010

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS, RULES OF CONSTRUCTION AND APPENDICES	1
Section 1.1 Definitions.....	1
Section 1.2 Rules of Interpretation	2
Section 1.3 Authorization	3
Section 1.4 Official Statement	5
ARTICLE II THE SERIES 2010B BONDS.....	5
Section 2.1 Issuance and Sale of the Series 2010B Bonds	5
Section 2.2 Delivery of the Series 2010B Bonds.....	5
Section 2.3 General Terms of the Series 2010B Bonds.....	5
Section 2.4 Terms of the Series 2010B Bonds	5
Section 2.5 Optional Redemption.....	6
Section 2.6 Extraordinary Optional Redemption.....	6
Section 2.7 Mandatory Sinking Fund Redemption.....	7
Section 2.8 Notice of Redemption	7
Section 2.9 Partial Redemption of a Series 2010B Bond	8
Section 2.10 Appointment of Registrar and Paying Agent.....	8
Section 2.11 Securities Depository for the Series 2010B Bonds.....	8
Section 2.12 Execution and Delivery.....	10
Section 2.13 Form of the Series 2010B Bonds	10
ARTICLE III CREATION OF ACCOUNTS AND APPROPRIATION OF SERIES 2010B BOND PROCEEDS.....	10
Section 3.1 Creation of Accounts	10
Section 3.2 Bond Proceeds	11
ARTICLE IV SECURITY FOR THE SERIES 2010B BONDS.....	11
Section 4.1 Security for the Series 2010B Bonds	11
Section 4.2 CFC Rate Covenant	11
ARTICLE V TAX MATTERS.....	11
Section 5.1 General Covenant.....	11
Section 5.2 Arbitrage Certification	12
Section 5.3 Arbitrage Rebate	12
Section 5.4 Information Reporting	12
Section 5.5 Recovery Zone Facility Bonds.....	12
Section 5.6 Exempt Facility Bonds.....	12

ARTICLE VI CONTINUING DISCLOSURE.....13

ARTICLE VII TRANSCRIPT CERTIFICATION18

ARTICLE VIII MISCELLANEOUS18

 Section 8.1 Effective Date18

 Section 8.2 Partial Invalidity.....18

 Section 8.3 Benefits of the Bond Resolution Limited to Parties18

APPENDIX A Form of Series 2010B Bond

RESOLUTION NO. 10-19005

RESOLUTION RELATING TO THE CITY OF BILLINGS AIRPORT; PRESCRIBING TERMS AND CONDITIONS FOR THE ISSUANCE OF \$6,525,000 AIRPORT REVENUE BONDS, SERIES 2010B (CUSTOMER FACILITY CHARGE SUPPORTED) AND FIXING THE TERMS AND CONDITIONS THEREOF AND PLEDGING CERTAIN REVENUES AS SECURITY FOR THE BONDS

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY, AS FOLLOWS:

ARTICLE I
DEFINITIONS, RULES OF CONSTRUCTION AND APPENDICES

Section 1.1 Definitions. In this Resolution, terms used with initial capital letters but not defined herein shall have the meanings assigned such terms in the Original Resolution or as follows:

“Airport” means Billings Logan International Airport.

“Airport Authorities Act” means M.C.A., Title 67, Chapter 11, Parts 1-4, as amended.

“Airport Director” means the City’s Director of Aviation and Transit.

“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” or “Customer Facility Charge” means the charges imposed on automobile rentals at the Airport pursuant to the CFC Ordinance.

“CFC Bonds” means the Series 2010B Bonds and 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.

“CFC Ordinance” means Ordinance No. 10-5515 of the City, adopted by the City Council on June 28, 2010, authorizing the collection of CFCs for car rentals at the Airport, establishing policies and procedures for collection and remittance of the CFCs, and authorizing the CFCs to be used to pay costs of improvements to Airport facilities used and occupied by rental car companies operating at the Airport, including the Series 2010B Bonds and other CFC Bonds.

“City” means the City of Billings, Montana.

“Closing” means the date of delivery of the Series 2010B Bonds.

“Code” means the Internal Revenue Code of 1986, as amended.

“Council” means the City Council of the City.

“Municipal Airports Act” means M.C.A., Title 67, Chapter 10, Parts 1-9, as amended.

“On-Airport Rental Car Company” means any rental car concessionaire operating at the Airport.

“On-Airport Rental Car Company Agreement” means the concession agreement by and between each On-Airport Rental Car Company and the City for use of certain Airport facilities by such On-Airport Rental Car Company.

“Original Purchaser” means Piper Jaffray & Co., of Helena, Montana and Denver, Colorado.

“Original Resolution” means Resolution No. 10-18970 of the City adopted on July 26, 2010.

“Outstanding Bonds” shall mean the outstanding Series 2010A Bonds, and any outstanding additional parity bonds issued in accordance with the Original Resolution and a resolution supplemental thereto, and shall include, upon the Closing, the Series 2010B Bonds.

“QTA Facility” or “Quick Turn Around Facility” means the new facility to be designed, constructed and maintained at the Airport and used for the purpose of washing, detailing, and fueling automobiles for rental by On-Airport Rental Car Companies.

“QTA Project” means the design, construction, furnishing and equipping of the QTA Facility and related improvements.

“Resolution” means the Original Resolution as amended and supplemented by this Supplemental Resolution.

“Series 2010A Bonds” means the \$7,640,000 Airport Revenue Refunding Bonds, Series 2010A, issued by the City pursuant to the Original Resolution.

“Series 2010B Bonds” means the \$6,525,000 Airport Revenue Bonds, Series 2010B (Customer Facility Charge Supported) issued by the City pursuant to the Original Resolution and this Supplemental Resolution.

“Supplemental Resolution” means this Resolution No. 10-19005 as it may from time to time be amended or supplemented in accordance with its terms.

Section 1.2 Rules of Interpretation. For all purposes of this Supplemental Resolution, except where the context clearly indicates otherwise:

(a) All references in this Supplemental Resolution to designated “Sections” and other subdivisions are to the designated Sections and other subdivisions of this Supplemental 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 this Supplemental 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.

Section 1.3 Authorization.

(a) Recitals and Authorization.

1. The City is authorized by the Municipal Airports Act and the Airport Authorities Act to own and operate a municipal airport. Pursuant to Section 67-11-102 of the Airport Authorities Act and Resolution No. 90-16319, the City elected to exercise the powers of an airport authority under the Act, without compromising its other powers associated with the ownership and operation of the Airport, 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.
2. The Airport Director has determined that it is necessary and desirable that a QTA Facility be constructed at the Airport for the use of all On-Airport Rental Car Companies that enter into an On-Airport Rental Car Company Agreement. The QTA Facility has been estimated to cost approximately \$5,900,000.
3. Under the provisions of the Act, the City is authorized to issue and sell its revenue bonds to provide funds for any of its corporate purposes related to the Airport, and it is proposed that the City would issue the Series 2010B Bonds in the maximum aggregate principal amount of \$6,525,000 to pay the costs of constructing and financing the QTA Facility, the principal and interest of which would be payable from Net Revenues of the Airport and revenues derived from a Customer Facility Charge established by the CFC Ordinance.
4. Under Sections 1400U-1 through 1400U-3 of the Code, gross income for federal income tax purposes does not include interest on any bond designated by an eligible issuer thereof as a “recovery zone facility bond.”

5. Under Internal Revenue Service Notice 2009-50, the City has been allocated authority to issue \$26,831,000 of bonds designated as recovery zone facility bonds, and pursuant to Section 1400U-1(a)(3) of the Code, Section 17-5-116, M.C.A., and the Montana Department of Administration's Recovery Zone Bond Allocation Policy, the City has been reallocated authority from Yellowstone County to issue an additional \$9,973,000 of bonds designated as recovery zone facility bonds, such that the City has \$36,804,000 total authority to issue recovery zone facility bonds, of which \$20,000,000 has been previously allocated.
6. Pursuant to Section 7-7-140, M.C.A., recovery zone facility bonds issued as revenue bonds by the City must be authorized under Title 7, Chapter 7, Parts 44 and 45, M.C.A., which authorize a municipality to issue revenue bonds for self-supporting undertakings, including public airport construction and public airport building, and under Section 67-11-303 of the Airport Authorities Act, the City may exercise any powers in respect of the Airport that are authorized to be exercised by a municipality under Title 7, Chapter 7, Parts 44 and 45, M.C.A.
7. The City, pursuant to Resolution 09-18866, has designated the area within the City as a recovery zone suffering from significant poverty, unemployment, rate of home foreclosures, or general distress.
8. The Airport Director has filed an application with the City Financial Services Manager requesting that this Council authorize the issuance of the Series 2010B Bonds as recovery zone facility bonds to pay the costs of design and construction of the QTA Project and to pay all costs associated with the sale and issuance of the Series 2010B Bonds, including the establishing of a debt service reserve.

(b) Outstanding Bonds. Pursuant to the Act and the Original Resolution, the City has issued, and has outstanding, its Series 2010A Bonds. The Series 2010A Bonds are payable from Net Revenues of the Airport, and no other bonds or indebtedness are outstanding that are payable from or secured by Net Revenues of the Airport or that are payable from or secured by the CFCs or PFCs of the Airport.

(c) Additional Parity Bonds. The City reserved the right under the Original Resolution, subject to compliance with the requirements of Section 5.04(a)(1), (2) or (3) thereof, to issue Additional Bonds in one or more series. The City has also reserved the right under Section 5.04(a)(4) of the Original Resolution to issue Additional Bonds that are CFC Bonds in one or more series in the aggregate principal amount of up to \$8,250,000 without meeting the requirements of Section 5.04(a)(1), (2) and (3), so long as any such Additional Bonds are issued on or before June 30, 2012. It is hereby determined that the City is authorized to issue the Series 2010B Bonds before such date pursuant to Section 5.04(a)(4) of the Original Resolution payable from and secured by the Net Revenues of the Airport on a parity with the outstanding Series 2010A Bonds and also payable from and secured by the CFCs of the Airport.

Section 1.4 Official Statement. The Series 2010B Bonds will be offered for sale by the Original Purchaser by means of an Official Statement, substantially in the form of the Preliminary Official Statement, dated September 15, 2010, which has been presented to this Council (the "Official Statement"). This Council hereby authorizes the Airport Director to approve the Official Statement. Execution of the Official Statement by an appropriate officer of the City shall be conclusive as to the approval thereof by this Council. The City hereby consents to the distribution of the Official Statement to prospective purchasers of the Series 2010B Bonds and this Council hereby authorizes and directs the Airport Director and City Financial Services Manager to execute such certificates relating to the accuracy and completeness of the Official Statement as may be appropriate. The determination of the Airport Director 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.

ARTICLE II THE SERIES 2010B BONDS

Section 2.1 Issuance and Sale of the Series 2010B Bonds. 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 Series 2010B Bonds, in accordance with the provisions of the Resolution, for the purpose of financing the Project and paying all or a portion of the costs of issuing the Series 2010B Bonds. The Original Purchaser has offered to purchase the Series 2010B Bonds upon the terms and conditions set forth in a Bond Purchase Agreement, at a purchase price of \$6,487,028.65, reflecting a net original issue premium of \$7,377.40 and underwriter's discount of \$45,348.75. That offer is hereby determined and declared to be reasonable and in the best interests of the City.

Section 2.2 Delivery of the Series 2010B Bonds. The City hereby covenants that it will take all actions as required to effectuate the issuance and delivery of the Series 2010B Bonds as prescribed in the Bond Purchase Agreement and herein.

Section 2.3 General Terms of the Series 2010B Bonds. The Series 2010B 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 \$6,525,000.

Section 2.4 Terms of the Series 2010B Bonds. The Series 2010B Bonds shall be dated, as originally issued, as of the date of original issuance and delivery, 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 (except the Series 2010B Bonds with a stated maturity in 2030 are being issued as term bonds and are subject to mandatory sinking fund redemption in principal amounts as provided in Section 2.7), and shall bear interest from the dated date 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
2012	\$235,000	3.000%
2013	250,000	3.000
2014	270,000	3.000
2015	275,000	3.000
2016	285,000	3.000
2017	295,000	3.000
2018	300,000	3.125
2019	310,000	3.250
2020	320,000	3.500
2021	335,000	3.625
2022	345,000	3.750
2023	360,000	3.875
2024	370,000	4.000
2025	385,000	4.000
2030*	2,190,000	4.375

* Term bond subject to mandatory sinking fund redemption as set forth in Section 2.7 below.

The interest thereon, and, upon surrender of each Series 2010B Bond, the principal amount thereof shall be payable by check or draft issued by the Paying Agent. Interest on the Series 2010B Bonds shall be payable on January 1 and July 1 in each year, commencing July 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 2010B Bond shall bear an original issue date. Upon delivery of the Series 2010B Bonds to the Original Purchaser pursuant to Section 2.11 or upon the delivery of Series 2010B Bonds upon a transfer or exchange pursuant to Section 2.09 of the Original Resolution, the Registrar shall date each Series 2010B Bond so delivered as of the date of its authentication

Section 2.5 Optional Redemption. Series 2010B Bonds maturing in the years 2012 through 2020 shall not be subject to redemption at the option of the City. The Series 2010B Bonds having a Stated Maturity in the years 2021 and thereafter shall be subject to redemption at the option of the City on July 1, 2020 and any date thereafter in whole or in part, and if in part in \$5,000 principal amounts selected by lot or other manner which the Registrar in its discretion deems fair, at their principal amount plus interest accrued to the Redemption Date and without premium.

Section 2.6 Extraordinary Optional Redemption. The Bonds, including the Series 2010B 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: (a) (1) the Airport or any portion thereof is damaged, destroyed or condemned, including the QTA Facility, (2) the Net Proceeds of insurance or condemnation received in connection therewith exceed the greater of (i) three percent of property, plant and equipment assets of the Airport or (ii) \$500,000, and (3) the City elects to have all or any part of such Net Proceeds applied to the prepayment of the Series 2010B Bonds, or (b) a determination of taxability of the Series 2010B Bonds for federal income tax purposes. 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.

Section 2.7 Mandatory Sinking Fund Redemption. The Series 2010B Bonds with a stated maturity in 2030 are subject to mandatory sinking fund redemption on July 1 in the year and the principal amount set forth below in \$5,000 principal amounts, selected by the Registrar, by lot or other manner it deems fair, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date:

Stated Maturity of Term Bonds (July 1)	Sinking Fund Payment Date (July 1)	Principal Amount on Sinking Fund Payment Date	Principal Amount due on Maturity
2030	2026	\$400,000	\$475,000
	2027	420,000	
	2028	440,000	
	2029	455,000	

The principal amount of the Term Bond having a stated maturity in 2030 required to be redeemed on the above Sinking Fund Payment Dates shall be reduced by the principal amount of any such term bonds theretofore redeemed and not previously applied to reduce the principal amount of such bonds on a Sinking Fund Payment Date.

Section 2.8 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 2010B 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 2010B 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 2010B Bond not affected thereby. Notice of the redemption of any Series 2010B 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 2010B 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 2010B 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 2010B Bonds (such depository now being DTC, as defined in Section 2.10) 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 2010B Bond or portion thereof.

Series 2010B 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 2010B Bonds redeemed in part shall receive, upon surrender of such Bond to the Registrar, one or more new Series 2010B Bonds in authorized denominations equal in principal amount to the unredeemed portion of the Bond so surrendered.

Section 2.9 Partial Redemption of a Series 2010B Bond. Series 2010B 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 2010B Bond redeemed in part shall receive, upon surrender of such Series 2010B Bond to the Registrar, one or more new Series 2010B Bonds in authorized denominations equal in principal amount to the unredeemed portion of the Series 2010B Bond so surrendered.

Section 2.10 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 2010B Bonds. The Financial Services Manager and the Airport Director, 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 2010B 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.

Section 2.11 Securities Depository for the Series 2010B Bonds.

a. For purposes of this Section 2.11, the following terms shall have the following meanings:

"Beneficial Owner" shall mean, whenever used with respect to a Series 2010B Bond, the person in whose name such Series 2010B Bond is recorded as the beneficial owner of such Series 2010B 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 2010B 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 2010B 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 2010B Bonds. Upon initial issuance, the ownership of such Series 2010B 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 2010B Bonds registered in its name for the purposes of payment of the principal of or interest on the Series 2010B Bonds, selecting the Series 2010B 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 2010B 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 2010B 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 2010B Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Series 2010B 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 2010B 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 2010B 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 2010B

Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Series 2010B 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 2010B 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 2010B Bonds and Beneficial Owners and payments on the Series 2010B 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 2010B 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 2010B Bonds, or another securities depository as owner of all the Series 2010B 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.

Section 2.12 Execution and Delivery. The Series 2010B 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 2010B 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 2.1, 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.

Section 2.13 Form of the Series 2010B Bonds. The Series 2010B Bonds shall be prepared in substantially the form set forth as Exhibit A; provided that so long as Series 2010B Bonds are registered in the name of Cede & Co. as provided in Section 2.11, such Series 2010B Bonds may provide for the payment of the Redemption Price upon the partial redemption thereof without presentation and surrender of the Series 2010B Bond.

ARTICLE III CREATION OF ACCOUNTS AND APPROPRIATION OF SERIES 2010B BOND PROCEEDS

Section 3.1 Creation of Accounts.

(a) Pursuant to Section 6.03 of the Original Resolution, there is hereby created the 2010B Subaccount in the Construction Account.

(b) Pursuant to Section 6.06 of the Original Resolution, there is hereby created the 2010B Debt Service Subaccount in the Debt Service Account.

(c) Pursuant to Section 6.07 of the Original Resolution, there is hereby created the 2010B Debt Service Reserve Subaccount in the Debt Service Reserve Account.

Section 3.2 Bond Proceeds. The net proceeds of the Series 2010B Bonds, which total \$6,487,028.65, are appropriated to the Airport Fund and are to be deposited or applied as follows:

(a) \$500,043.76 shall be deposited in the Series 2010B Reserve Subaccount;

(b) \$86,984.89 shall be credited to the 2010B Subaccount in the Construction Account to pay a portion of costs of issuance of the Series 2010B Bonds; and

(c) \$5,900,000 shall be credited to the 2010B Subaccount in the Construction Account to pay costs of the QTA Project.

ARTICLE IV SECURITY FOR THE SERIES 2010B BONDS

Section 4.1 Security for the Series 2010B Bonds. The Series 2010B Bonds and the interest thereon are special, limited obligations of the City and are payable solely from the Net Revenues of the Airport, Customer Facility Charges of the Airport, and, if necessary, amounts on deposit in the 2010B Debt Service Reserve Subaccount. The Series 2010B Bonds are payable equally and ratably from the Net Revenues with the Series 2010A Bonds and any Additional Bonds and are payable equally and ratably from the CFCs with any Additional Bonds that are CFC Bonds. The Series 2010B Bonds are not payable from or secured by, and Net Revenues do not include, Passenger Facility Charges. The Series 2010B Bonds are not general obligations of the City, the State of Montana or any political subdivision thereof, and no taxing power of the City is pledged or available to be pledged to the repayment of the Series 2010B Bonds. The Series 2010B Bonds do not constitute a debt for which the full faith and credit of the City or the State of Montana, or any other political subdivision thereof are pledged.

Section 4.2 CFC Rate Covenant. In addition to the covenants set forth in Section 7.11 of the Original Resolution, the City covenants and agrees that it will at all times fix, impose, charge and collect the Customer Facility Charges, and shall revise the same whenever and as often as may be necessary, so as to produce in each Fiscal Year, CFC revenues equal to at least 125% of the Debt Service Requirements for such Fiscal Year in respect of the Series 2010B Bonds and any other Outstanding Additional Bonds that are CFC Bonds.

ARTICLE V TAX MATTERS

Section 5.1 General Covenant. The City covenants and agrees with the Holders from time to time of the Series 2010B 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 2010B Bonds to become includable in gross income for federal income tax purposes under the Code and

the applicable Treasury Regulations (the “Regulations”), and covenants to take any and all actions within its powers to ensure that the interest on the Series 2010B Bonds will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

Section 5.2 Arbitrage Certification. The Mayor, Financial Services Manager, and the City Clerk, being the officers of the City charged with the responsibility for issuing the Series 2010B Bonds pursuant to the Original Resolution, are authorized and directed to execute and deliver a certificate in accordance with the provisions of Section 148 of the Code, and Section 1.148-2(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 2010B Bonds, it is reasonably expected that the proceeds of the Series 2010B Bonds will be used in a manner that would not cause the Series 2010B Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and the Regulations.

Section 5.3 Arbitrage Rebate. The City acknowledges that the Series 2010B 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 Series 2010B Bonds from gross income for federal income tax purposes, unless the Series 2010B Bonds qualify for the exception from the rebate requirement under Section 148(f)(4)(B) of the Code and no “gross proceeds” of the Series 2010B 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 Financial Services Manager is hereby authorized and directed to execute a Rebate Certificate, substantially in the form of the Rebate Certificate currently on file in the office of the City Clerk, and the City hereby covenants and agrees to observe and perform the covenants and agreements contained therein, unless amended or terminated in accordance with the provisions thereof.

Section 5.4 Information Reporting. The City shall file with the Secretary of the Treasury, not later than November 15, 2010, a statement concerning the Series 2010B Bonds containing the information required by Section 149(e) of the Code.

Section 5.5 Recovery Zone Facility Bonds. The Series 2010B Bonds are hereby designated as “recovery zone facility bonds” within the meaning of Section 1400U-3 of the Code. The City’s recovery zone facility bond allocation for the Project has not been reallocated to another jurisdiction or rescinded. As of the date hereof, the principal amount of recovery zone facility bonds designated as such by the City (including the Series 2010B Bonds) does not exceed the City’s recovery zone facility bond allocation. The Mayor, Financial Services Manager, and the City Clerk are authorized and directed to execute and deliver a certificate covenanting that the proceeds of the Series 2010B Bonds will not be used in a manner that would cause the Series 2010B Bonds to fail to comply with the requirements and conditions set forth in Section 1400U-3 of the Code necessary for the Series 2010B Bonds to be designated as “recovery zone facility bonds.”

Section 5.6 Exempt Facility Bonds. The City represents and covenants as follows:

(a) the Series 2010B Bonds are being issued as “exempt facility bonds” pursuant to Section 142(a)(1) of the Code, the facilities being financed by the Series 2010B Bonds, including any leased facilities, are owned by the City within the meaning of Section 142(b) of the Code, and 95% or more of the net proceeds of the Series 2010B Bonds will be used to provide or finance Airport facilities owned by the City

(b) no portion of the proceeds of the Series 2010A Bonds will be used to provide any of the facilities described in Section 147(e) of the Code;

(c) the City was not required to obtain a volume allocation for the Series 2010B Bonds under to Section 146(a) of the Code

(d) the public approval requirements of Section 147(f) of the Code have been satisfied with respect to the Series 2010B Bonds;

(e) as required by Section 147(g) of the Code, no more than 2% of the proceeds of the Series 2010B Bonds will be used to finance issuance costs of the Series 2010B Bonds; and

(f) the Mayor, Financial Services Manager, and the City Clerk are authorized and directed to execute and deliver a certificate covenanting that the proceeds of the Series 2010B Bonds will not be used in a manner that would cause the Series 2010B Bonds to fail to comply with the applicable requirements and conditions set forth in Section 147 of the Code.

ARTICLE VI CONTINUING DISCLOSURE

(a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Series 2010B Bonds and the security therefor and to permit the Original Purchaser and other participating underwriters in the primary offering of the Series 2010B 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 2010B 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 2010B Bonds. The City through the Airport Fund is the only “obligated person” in respect of the Series 2010B 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, 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 agreement or covenant contained in this Section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder. Notwithstanding anything to the contrary contained herein, in no event shall a default under this

Section constitute a default under the Series 2010B Bonds or under any other provision of the Resolution.

As used in this Section, "Owner" or "Bondowner" means, in respect of a Series 2010B 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 2010B Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(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, 2011, the following financial information and operating data in respect of the City (the "Disclosure Information"):

(A) the audited financial statements of the City (or the Airport if separate audited financial statements are prepared) 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) 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. Information, for such fiscal year, of
the type contained in the table under the caption

“Debt Service Requirements and Projected Coverage” in the Official Statement;

2. Information, for such fiscal year, of the type contained in the tables under the captions “The Airport—Operations at the Airport—Historical Airline Market Shares,” and “The Airport—Destinations—Historical Passenger Airline Traffic” in the Official Statement; and

3. Information, for such fiscal year, relating to the Airport and updating the operating results of the Airport of the type contained in the tables in Appendix A to 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 Airport 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 (as defined in paragraph (2) hereof), 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 with respect to the Series 2010B Bonds, if 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 Series 2010B Bonds;
- (G) Modifications to rights of Holders;
- (H) Bond calls;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the Series 2010B Bonds; and
- (K) Rating changes.

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 2010B 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.

(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 telecopy, overnight delivery, mail or other means, as appropriate:

- (1) the information described in paragraph (1)(B), (2) and (3) of subsection (b), 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) the information described in subsection (b), to any rating agency then maintaining a rating of the Series 2010B 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.

(3) 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 2010B 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 2010B 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 successory 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 (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Series 2010B 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 Airport or the type of operations conducted by the Airport, 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 2010B 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 Net Revenues and the CFCs pledged to the repayment of the Series 2010B 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.

ARTICLE VII TRANSCRIPT CERTIFICATION

The officers of the City are directed to furnish to Bond Counsel and the Original Purchaser of the Series 2010B Bonds certified copies of all proceedings and information in their official records relevant to the authorization, sale, execution and issuance of the Series 2010B Bonds, and such certificates and affidavits as to other matters appearing in their official records or otherwise known to them as may be reasonably required to evidence the validity and security of the Series 2010B Bonds, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations and recitals of the City as to the correctness of all facts stated therein and the completion of all proceedings stated therein to have been taken.

ARTICLE VIII MISCELLANEOUS

Section 8.1 Effective Date. This Supplemental Resolution shall become effective upon its passage and all provisions of ordinances, resolutions and other actions and proceedings of the City which are in any way inconsistent with the terms and provisions of this Supplemental Resolution are repealed, amended and rescinded to the full extent necessary to give full force and effect to the provisions of this Supplemental Resolution.

Section 8.2 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be observed or performed by the City shall be contrary to law, then such agreement or agreements, such covenant or covenants, or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements or the covenants or portions thereof and shall in no way affect the validity hereof or of the Bonds; and the Holders shall retain all rights and benefits accorded them under any applicable provisions of law.

Section 8.3 Benefits of the Bond Resolution Limited to Parties. Nothing contained herein, express or implied, is intended to give any Person other than the City and the Holders any right, remedy, or claim under or by reason hereof. Any agreement, promise or covenant contained or required herein to be made or performed by or on behalf of the City or any officer or employee thereof shall be for the sole and exclusive benefit of the City and the Bondholders.

PASSED AND ADOPTED by the City Council of the City on this 4th day of October,
2010.

Thomas W. Havel
Mayor

Attest: Cari Martin
City Clerk

(SEAL)



APPENDIX A

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF YELLOWSTONE

CITY OF BILLINGS

AIRPORT REVENUE BONDS, SERIES 2010B
(CUSTOMER FACILITY CHARGE SUPPORTED)

No. _____ \$ _____

Interest Rate	Principal Payment Date	Date of Original Issue	CUSIP
_____ %	_____ July 1,	_____ October 19, 2010	_____ 090098

REGISTERED HOLDER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100

The City of Billings (the "City"), a duly organized political subdivision and city of the State of Montana, acknowledges itself to be specially indebted and, for value received, hereby promises to pay to the registered holder identified above or registered assigns, solely from the Net Revenues and the Customer Facility Charges of the Airport deposited in the Debt Service Account of its Airport Fund, the principal amount specified above on the Principal Payment Date specified above, or, if this Bond is redeemable as stated below, on an earlier date on which it shall have been duly called for redemption, upon presentation and surrender hereof at the principal office of U.S. Bank National Association, of Seattle, Washington, at its operations center in St. Paul, Minnesota, as Bond Registrar and Paying Agent (the "Registrar"), or duly appointed successor, and promises to pay interest thereon, but only from the same source, from October 19, 2010, or from such later date to which interest has been paid or duly provided for, until the principal amount hereof is paid or until this Bond, if redeemable, has been duly called for redemption, at the annual interest rate specified above. Interest is payable semiannually on January 1 and July 1 in each year, commencing July 1, 2011, to the registered holder of this Bond as such appears of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month (the "Record Date"). Interest so payable and punctually paid or provided for on any Interest Payment Date will be paid to the Person in whose name this Bond is registered at the close of business on the Record Date for such interest. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months. The principal of and interest on this Bond are payable in lawful money of the United States of America.

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 Series 2010B Bond is one of a duly authorized issue of Bonds of the City designated as "Airport Revenue Bonds" (collectively, the Bonds), issued and to be issued in one or more series under, and all equally and ratably secured by, a resolution adopted by the City Council on July 26, 2010 (the "Original Resolution"), as supplemented by a resolution adopted by the City Council on October 4, 2010 (the "Supplemental Resolution"; the Original Resolution, as so supplemented, the "Resolution"), copies of which are on file with the City and Bond Registrar, reference is hereby made to the Resolution for a description of the nature and extent of the security, the conditions under which Additional Bonds may be issued on a parity with the Series 2010B Bonds, the conditions under which the Resolution may be amended and the rights of the Holders of the Bonds. Terms used with initial capital letters but not defined in this Series 2010B Bond shall have the meanings given them in the Resolution. As provided in the Resolution, the Series 2010B Bonds are issuable in series which may vary as in the Resolution provided or permitted. Additional Bonds may be issued on a parity as to Net Revenues with the Series 2010B Bonds, and if such Additional Bonds are CFC Bonds, on a parity as to Customer Facility Charges with the Series 2010B Bonds. This Bond is one of the series specified in its title (the "Series 2010B Bonds"), issued in the aggregate principal amount of \$6,525,000, all of like date of original issue and tenor except as to serial number, denomination, interest rate, date, and maturity date. The Series 2010B Bonds are issued by the City for the purpose of financing the costs of design and construction of a quick turn-around rental car service and cleaning facility (the "QTA Facility") and to pay all costs associated with the sale and issuance of the Series 2010B Bonds, including the establishing of a debt service reserve.

The Series 2010B Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Montana, particularly Montana Code Annotated, Title 67, Chapter 11, Parts 3 and 4, as amended (the "Act"), and the home rule charter of the City, and pursuant to the Resolution.

The Series 2010B Bonds and the interest thereon are special, limited obligations of the City and are payable solely from the Net Revenues of the Airport on a parity with the City's Airport Revenue Refunding Bonds, Series 2010A (the "Series 2010A Bonds") and any Additional Bonds. The Series 2010B Bonds are also payable from Customer Facility Charges of the Airport, as defined in the Resolution and which by the Resolution are pledged to the 2010B Debt Service Subaccount in the Debt Service Account of the Airport Fund on a parity with any Additional Bonds that are CFC Bonds, as defined in the Resolution. The Series 2010B Bonds are not payable from or secured by, and Net Revenues do not include, Passenger Facility Charges of the Airport. The Series 2010B Bonds are not general obligations of the City, the State of Montana or any political subdivision thereof, and no taxing power of the City is pledged or available to be pledged to the repayment of the Series 2010B Bonds. The Series 2010B Bonds do not constitute a debt for which the full faith and credit of the City or the State of Montana, or any other political subdivision thereof are pledged.

Series 2010B Bonds maturing in the years 2011 through 2020 shall not be subject to redemption at the option of the City. The Series 2010B Bonds having a Stated Maturity in the

years 2021 and thereafter shall be subject to redemption at the option of the City on July 1, 2020 and any date thereafter in whole or in part, and if in part in \$5,000 principal amounts selected by lot or other manner which the Registrar in its discretion deems fair, at their principal amount plus interest accrued to the Redemption Date and without premium.

The Bonds, including the Series 2010B 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: (a) (1) the Airport or any portion thereof is damaged, destroyed or condemned, including the QTA Facility, (2) the Net Proceeds of insurance or condemnation received in connection therewith exceed the greater of (i) three percent of property, plant and equipment assets of the Airport or (ii) \$500,000, and (3) the City elects to have all or any part of such Net Proceeds applied to the prepayment of the Series 2010B Bonds, or (b) a determination of taxability of the Series 2010B Bonds for federal income tax purposes. 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.

The Series 2010B Bonds with a stated maturity in 2030 are subject to mandatory sinking fund redemption on July 1 in the year and the principal amount set forth below in \$5,000 principal amounts, selected by the Registrar, by lot or other manner it deems fair, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date:

Stated Maturity of Term Bonds (July 1)	Sinking Fund Payment Date (July 1)	Principal Amount on Sinking Fund Payment Date	Principal Amount due on Maturity
2030	2026	\$400,000	\$475,000
	2027	420,000	
	2028	440,000	
	2029	455,000	

The principal amount of the Term Bond having a stated maturity in 2030 required to be redeemed on the above Sinking Fund Payment Dates shall be reduced by the principal amount of any such term bonds theretofore redeemed and not previously applied to reduce the principal amount of such bonds on a Sinking Fund Payment Date.

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 2010B 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 2010B 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 2010B Bond not affected thereby. Series 2010B 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 2010B Bonds redeemed in part shall receive, upon surrender of such Bond to the Registrar, one or more new Series 2010B Bonds in authorized denominations equal in principal amount to the unredeemed portion of the Bond so surrendered.

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

The City, the Bond Registrar and the Paying Agent 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, the Bond Registrar nor the Paying Agent shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the City will prescribe and collect rates, fees and charges for all privileges and facilities afforded by the Airport, including all additions thereto and replacements and improvements thereof, and has created a special Airport Fund into which the Gross Revenues (which have the particular meaning prescribed by the Resolution) of the Airport will be paid, and a separate and special 2010B Debt Service Subaccount in the Debt Service Account of the Airport Fund, into which will be paid monthly, from and as a first and prior lien on the Net Revenues (Gross Revenues less Operating Expenses) and (as to certain CFC Bonds, including the Series 2010B Bonds) from the Customer Facility Charges (all as defined in the Resolution) then on hand an amount not less than one-sixth of the interest due and payable on all Outstanding Bonds within the next six months and one-twelfth of the principal on all Outstanding Bonds due and payable within the next twelve months, equally and ratably with respect to deposits to be made in respect of other Bonds and other CFC Bonds, respectively; that from the proceeds of the Series 2010B Bonds and funds on hand and available therefor the City will credit to the 2010B Debt Service Reserve Subaccount in the Debt Service Reserve Account of the Airport Fund the sum of \$500,043.76 in satisfaction of the Reserve Requirement in respect to the Series 2010B Bonds; that the City has agreed thereafter to credit to the Debt Service Reserve Account from the Net Revenues and Customer Facility Charges remaining after credits to the 2010B Debt Service Subaccount in the Debt Service Account or other available funds, amounts necessary to maintain the amount in the each reserve subaccount in Debt Service Reserve Account securing Outstanding Bonds at the Reserve Requirement in respect of all Outstanding Bonds; that the Debt Service Account and Debt Service Reserve Account will be used only to pay the principal and interest on the Series 2010B Bonds and any Additional Bonds; that the rates, fees, rentals and charges for the Airport will from time to time be made and kept sufficient to produce in each Fiscal Year (i) in respect of Outstanding Bonds, Net Revenues (ii) in addition in respect of only Outstanding PFC Bonds,

Passenger Facility Charges, and (iii) in addition in respect of only Outstanding CFC Bonds, Customer Facility Charges, equal in the aggregate to at least 125% of the Debt Service Requirements of such Bonds for such Fiscal Year; that the City may issue Subordinate Obligations to the extent described in the Resolution; that the City has also agreed to pay promptly the reasonable and current expenses of operating and maintaining the Airport, including the QTA Facility, and to provide reserves for such operation and maintenance and for the repair and replacement of the Airport; that Additional Bonds may be issued and made payable from the Airport Fund on a parity as to Net Revenues with the Series 2010B Bonds (and, in respect of such Additional Bonds issued as CFC Bonds, on a parity as to Customer Facility Charges with the Series 2010B Bonds) only upon satisfaction of certain conditions set forth in the Resolution; that the City may issue Additional Bonds that are PFC Bonds or CFC Bonds that are payable from Passenger Facility Charges and Customer Facility Charges, respectively, in addition to Net Revenues; that all provisions for the security of the owner of this Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the home rule charter and the ordinances and resolutions of the City to be done, to exist, to happen and to be performed in order to make this Bond a valid and binding special obligation of the City according to its terms have been done, do exist, have happened and have been performed as so required; and that the principal and interest due on this Bond are payable solely from the Net Revenues and Customer Facility Charges of the Airport pledged and appropriated thereto and do not constitute a debt of the City within the meaning of any constitutional or statutory limitation or provision and the issuance of the Series 2010B Bonds does not cause either the general or the special indebtedness of the City to exceed any constitutional, statutory or charter limitation.

This Series 2010B Bond shall not be valid or obligatory for any purpose or be entitled to any security or benefit under the Resolution unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar by the manual signature of one of its authorized representatives.

[Balance of page intentionally left blank]

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

(Facsimile Signature)
Mayor

(Facsimile Signature)
City Clerk

(Facsimile Signature)
Financial Services Manager

Dated:

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Airport Revenue Refunding Bonds, Series 2010B, delivered pursuant to the Resolution mentioned within.

U.S. BANK NATIONAL ASSOCIATION
as Bond Registrar and Paying Agent

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

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

under Uniform Transfers to
Minors Act
(State)

Additional 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.

Date:

PLEASE INSERT SOCIAL SECURITY
OR OTHER IDENTIFYING NUMBER
OF ASSIGNEE:

NOTICE: The signature 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.