

## 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 No. 11-19106 entitled: "RESOLUTION RELATING TO \$1,058,250 SPECIAL IMPROVEMENT DISTRICT NO. 1392 BOND ANTICIPATION NOTES, SERIES 2011; FIXING THE FORM AND DETAILS AND PROVIDING FOR THE EXECUTION AND DELIVERY THEREOF AND SECURITY THEREFOR" (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 September 12, 2011, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Council Members voted in favor thereof: Ronquillo, Gaghen, Pitman, Cimmino, McFadden, Ruegamer, McCall, Ulledalen, Clark; voted against the same: \_\_\_\_\_; abstained from voting thereon: \_\_\_\_\_; or were absent: Astle.

WITNESS my hand and seal officially this 12th day of September, 2011.

(SEAL)



Cari Martin  
City Clerk

RESOLUTION NO. 11-19106

RESOLUTION RELATING TO \$1,058,250 SPECIAL IMPROVEMENT DISTRICT NO. 1392 BOND ANTICIPATION NOTES, SERIES 2011; FIXING THE FORM AND DETAILS AND PROVIDING FOR THE EXECUTION AND DELIVERY THEREOF AND SECURITY THEREFOR

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

Section 1. Recitals. It is hereby found, determined and declared as follows:

1.01. Resolution of Intention. By Resolution No. 11-19042, duly adopted by the Council on March 28, 2011 (the "Resolution of Intention"), this Council declared its intention to create Special Improvement District No. 1392 (the "District"), for the purpose of financing costs of making improvements to the Yellowstone Family Park, formerly known as Byron Nelson Park, located in the Yellowstone Country Club, including, but not limited to, landscaping, trees, shrubs, turf grass, native vegetation, trails, sidewalk, irrigation system, playground and equipment, which is of special benefit to the properties within the District (the "Improvements"). The Resolution of Intention designated the number of the District, described the boundaries thereof, stated whether the District was an extended district and stated the general character of the Improvements and an approximate estimate of the costs thereof, in accordance with the provisions of Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended (the "Act"). By the Resolution of Intention, this Council also declared its intention to cause the cost and expense of making the Improvements specially benefiting the District to be assessed against the properties included within the boundaries thereof in accordance with one or more methods of assessment authorized in Sections 7-12-4161 to 7-12-4165 of the Act and as set forth in the Resolution of Intention.

In the Resolution of Intention, this Council further found that it is in the public interest, and in the best interest of the City and the District, to secure payment of principal of and interest on the Definitive Bonds (as hereinafter defined) by the Special Improvement District Revolving Fund of the City (the "Revolving Fund"), on the basis of factors required to be considered under Section 7-12-4225 of the Act. Those findings are hereby ratified and confirmed.

1.02. Notices. Notice of the passage of the Resolution of Intention was given by two publications, with at least six days between publications, in the *Billings Times*, a weekly newspaper of general circulation published within the City. Notice of the passage of the Resolution of Intention was also mailed the same day the notice was first published to all persons, firms or corporations or the agents thereof having real property within each District, listed in their names upon the last completed assessment roll for State, county and school district taxes, at their last known addresses. The notice described the general character of the Improvements, stated the estimated cost of the Improvements and described the method or methods of assessment of such costs against properties in the District, specified the time when and the place where the Council would hear and pass upon all protests made against the making of the Improvements or the creation or extension of the District, and referred to the Resolution of

Intention as being on file in the office of the City Clerk for a description of the boundaries of the District, all in accordance with the provisions of the Resolution of Intention, and included a statement that, subject to the limitations of Section 7-12-4222 of the Act, the general fund of the City may be used to provide loans to the Revolving Fund or a general tax levy may be imposed on all taxable property in the City to meet the financial requirements of the Revolving Fund.

1.03. Creation of District. At the time and place specified in the notice hereinabove described, this Council met to hear, consider and pass upon all protests made against the making of the Improvements and the creation of the District, and, after consideration thereof, it was determined and declared that insufficient protests against the creation of the District or the proposed work had been filed in the time and manner provided by law by the owners of the property to be assessed for the Improvements in the District, and this Council did therefore by Resolution No. 11-19050, adopted April 25, 2011, create SID No. 1392 in accordance with the Resolution of Intention.

1.04. Costs. It is currently estimated that the costs and expenses connected with and incidental to the formation of the District, including costs of preparation of plans, specifications, maps, profiles, engineering superintendence and inspection, preparation of assessment rolls, expenses of making the assessments, the cost of work and materials under the construction contracts and all other costs and expenses, including the deposit of proceeds in the Revolving Fund, are \$1,260,000, as shown in the table below:

Construction Costs	\$ 953,252.06
Construction Administration	103,991.13
Administration/Finance Fees (2.5%)	31,500.00
Engineering Fee (3.5%)	44,100.00
SID Revolving Fund (5%)	63,000.00
Bond Discount Fee (2%)	25,200.00
Issuance Costs (3%)	37,800.00
Bank Fees	1,000.00
<b>Rounding Amount</b>	<b>156.81</b>
<b>Total</b>	<b>\$1,260,000.00</b>

1.05. Definitive Bonds; Bond Anticipation Notes. By Resolution No. 11-19091, duly adopted by the Council on August 22, 2011 and pursuant to Section 7-12-4204 of the Act, this Council determined that it is in the best interests of the City to sell its Special Improvement District No. 1392 Bonds, Series 2011, in an aggregate principal amount not to exceed \$1,260,000 (the “Definitive Bonds”) at a private negotiated sale. The sale cannot be accomplished in the timeframe desired to proceed with the construction of the Improvements and the City Finance Director has recommended that the City issue up to \$1,058,250 in aggregate principal amount of Special Improvement District No. 1392 Bond Anticipation Notes, Series 2011 (the “Series 2011 Note”), in anticipation of the issuance of the Definitive Bonds.

1.06. Compliance with Constitution and Statutes. All acts, conditions and things required by the Constitution and laws of the State of Montana, including the Act, and the home rule charter of the City in order to make the Series 2011 Note valid and binding special obligations in accordance with their terms and in accordance with the terms of this Resolution have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required.

Section 2. Sale and Issuance of Series 2011 Note.

2.01. Sale and Authorization of Series 2011 Note. In anticipation of the issuance of the Definitive Bonds, and in order to provide interim financing for the construction of the Improvements, this Council hereby determines that it is necessary and desirable that the City issue the Series 2011 Note in the maximum aggregate principal amount of \$1,058,250. U.S. Bank, National Association (the “Purchaser”), has agreed to purchase the Series 2011 Note at a purchase price of \$1,058,250 and the City has agreed to pay the Purchaser an initiation fee of \$5,290 (0.5% of the maximum principal amount of the Series 2011 Note).

2.02. Authorization. Pursuant to the foregoing authority, the City authorizes the sale of the Series 2011 Note to the Purchaser, subject to the terms set forth in this Resolution.

Section 3. The Series 2011 Note.

3.01. Principal Amount, Maturity, Date. The Series 2011 Note shall be in the maximum principal amount of \$1,058,250, payable solely from the Note Account. The Series 2011 Note shall mature eight months from the closing of the sale of the Series 2011 Note to the Purchaser. The Series 2011 Note shall be issued as a fully registered note numbered No. R-1, and shall be dated, as originally issued, and registered as of the date of delivery to the Purchaser.

3.02. Interest Rate, Disbursements. The Series 2011 Note shall bear interest on the principal amount advanced and outstanding at the rate per annum equal to the Variable Rate (as hereinafter defined), as determined from time to time, until paid. Interest shall be payable at maturity or earlier redemption as provided herein to the owner of record of the Series 2011 Note. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

“Variable Rate” means the rate equal to 47% of U.S. Bank’s Prime Rate, as it may change from time to time. The Variable Rate includes a liquidity premium which is an internal funding cost component determined by U.S. Bank, in its sole discretion, based upon the current costs of term variable funding in the wholesale market.

To obtain disbursements of principal of the Series 2011 Note, the City shall submit to the Purchaser on any business day via facsimile transmission a signed draw request in the form prescribed by the Purchaser. Disbursements shall be deposited directly to an account of the City maintained by the Purchaser on the same business day as such draw request is received. Upon each disbursement of principal of the Series 2011 Note, the Purchaser shall enter the amount advanced on Schedule A attached thereto under “Advances” and the total amount advanced, including such disbursement, under “Total Amount Advanced.”

3.02. Negotiability, Transfer and Registration. The Series 2011 Note shall be fully registered as to both principal and interest, and shall be initially registered in the name of and payable to the Purchaser. The Series 2011 Note shall be negotiable, subject to the provisions for registration and transfer contained in this Section 3.02. No transfer of the Series 2011 Note shall be valid unless and until (1) the Holder, or a duly authorized attorney or legal representative, has executed the form of assignment appearing on the Series 2011 Note, and (2) the City Finance Director, as Note registrar (the “Registrar”), has duly noted the transfer on the Series 2011 Note and recorded the transfer in the note register. The Registrar may, prior to noting and recording the transfer, require appropriate proof of the transferor’s authority and the genuineness of the transferor’s signature. All costs of such registration and transfer shall be paid by the City, except that the City may charge the Holder for any tax, fee or other governmental charge imposed upon or with respect to the transfer of the Series 2011 Note. The City shall be entitled to deem and treat the person in whose name the Series 2011 Note is registered as the absolute owner of the Series 2011 Note for all purposes, notwithstanding any notice to the contrary, and all payments to the registered holder shall be valid and effectual to satisfy and discharge the liability upon such Series 2011 Note to the extent of the sum or sums so paid.

3.03. Execution and Delivery. The Series 2011 Note shall be prepared substantially in the form attached hereto as Exhibit A and shall be executed on behalf of the City by the manual signatures of the Mayor, the City Finance Director and the City Clerk. Any or all of such signatures may be affixed at or prior to the date of delivery of the Series 2011 Note. In the event that any of the officers who shall have signed the Series 2011 Note shall cease to be officers of the City before the Series 2011 Note is issued or delivered, their signatures shall remain binding upon the City. The Series 2011 Note shall be delivered to the Purchaser, or its attorney or legal representative. The Purchaser shall not be obligated to verify the application of the proceeds of the Series 2011 Note. However, the City shall use the proceeds of the Series 2011 Note solely for the Improvements and costs incidental thereto.

The Mayor, the City Finance Director and the City Clerk are authorized and directed to do all acts and things, and to execute all documents necessary and appropriate in connection with the issuance of the Series 2011 Note.

3.04. Optional Redemption. The Series 2011 Note is subject to redemption, in whole or in part, at the option of the City at any time. The redemption price is equal to the principal amount of the Series 2011 Note to be redeemed plus interest accrued thereon to the date of redemption, without premium. The date of redemption shall be fixed by the City Finance Director, who shall give notice by first class mail, postage prepaid, to the owner of record of the Series 2011 Note at its address shown in the note register, of the principal amount to be redeemed and the date on which payment will be made, which date shall not be less than three (3) business days after the date of mailing of notice, on which date so fixed interest shall cease. On the date so fixed, interest on the principal amount so redeemed shall cease to accrue. Amounts prepaid will not be re-loaned by the Purchaser.

Section 4. District Fund. There is hereby created and established the 2011 Special Improvement District No. 1392 Fund (the “District Fund”), which shall be maintained by the City Finance Director on the books and records of the City separate and apart from all other

funds of the City. Within the District Fund there shall be a Construction Account and a Note Account.

4.01. Construction Account. There shall be credited to the Construction Account in the District Fund the proceeds of the Series 2011 Note as such proceeds are disbursed pursuant to Section 3.02. Any earnings on investment of money in the Construction Account shall be retained therein. All costs and expenses of constructing the Improvements and costs incidental thereto shall be paid from time to time as incurred and allowed from the Construction Account in accordance with the provisions of applicable law, and money in the Construction Account shall be used for no other purpose; provided that upon completion of the Improvements and after all claims and expenses with respect to the Improvements have been fully paid and satisfied, any money remaining in said Construction Account shall be transferred to the Note Account as provided in Section 4.02.

4.02. Note Account. There shall be credited to the Note Account in the District Fund the proceeds of the Definitive Bonds and such other money as shall be received and appropriated to the Note Account from time to time. The City agrees to transfer to the Note Account from the City's Revolving Fund maintained for its special improvement districts, an amount sufficient to pay the interest on the Series 2011 Note at maturity or earlier redemption. Amounts on deposit in the Note Account shall be used solely to pay the principal of and interest on the Series 2011 Note at maturity or earlier redemption. Upon payment or discharge of the Series 2011 Note, surplus funds in the Note Account, if any, shall be transferred to the District Fund created pursuant to the resolution authorizing the issuance of the Definitive Bonds.

Section 5. Covenants and Representations. The City covenants that until the Series 2011 Note and interest thereon are fully paid:

5.01. Compliance with the Resolution. The City will hold the District Fund as a trust fund, separate and apart from all of its other funds, and the District, its officers and agents, will comply with all covenants and agreements contained in this Resolution. The provisions hereinabove made with respect to the District Fund are in accordance with the undertaking and agreement of the City made in connection with the sale of the Series 2011 Note as set forth in Section 2.01.

5.02. Construction of Improvements. The City has taken all steps necessary to enforce the provisions of the construction contracts and bonds relating to the Improvements and to ensure the completion of the Improvements in accordance with the plans and specifications and within the time therein provided, and shall pay all costs thereof promptly as incurred and allowed, out of the District Fund. All awards of contracts have complied with the applicable bid and award statutes.

5.03. Absence of Litigation. There is now no litigation pending or, to the best knowledge of the City, threatened questioning the right and power of the City to issue the Series 2011 Note or in any manner questioning the existence of any condition precedent to the exercise of the City's powers in these matters. If any such litigation should be initiated or threatened, the City will forthwith notify in writing the Purchaser, and will furnish the Purchaser a copy of all documents, including pleadings, in connection with such litigation.

5.04. Issuance of Definitive Bonds. The Council hereby covenants and agrees that at or prior to the maturity of the Series 2011 Note, it will use its best efforts to issue and sell the Definitive Bonds in an aggregate principal amount sufficient to provide the amount needed, together with any other money on deposit in the Note Account, to pay in full the outstanding principal of and interest on the Series 2011 Note. The proceeds of the Definitive Bonds shall be appropriated to the Note Account to the extent required to pay principal of and interest on the Series 2011 Note at maturity.

5.05. Exchange of Series 2011 Note for Definitive Bonds. If the City is unable to issue and sell the Definitive Bonds at or prior to maturity of the Series 2011 Note, and the proceeds of the Definitive Bonds are necessary to pay and redeem the Series 2011 Note, the owner of record of the Series 2011 Note, at its option, may surrender the Series 2011 Note for Definitive Bonds amortized in semiannual installments over a fifteen-year period and bearing interest the Variable Rate, on a par-for-par basis.

5.06. Financial Statements. The City will furnish to the Purchaser within 330 days after the end of each fiscal year of the City audited financial statements certified by an accountant in a form reasonably acceptable to the Purchaser.

## Section 6. Tax Matters.

6.01. Use of Improvements. The Improvements will be owned and operated by the City and available for use by members of the general public on a substantially equal basis. The City shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the Improvements or security for the payment of the Series 2011 Note which might cause the Series 2011 Note to be considered a “private activity bond” or “private loan bond” within the meaning of Section 141 of the Code.

6.02. General Covenant. The City covenants and agrees with the owner from time to time of the Series 2011 Note 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 2011 Note to become includable in gross income for federal income tax purposes under the Code and Treasury Regulations (the “Regulations”) applicable to the Series 2011 Note and promulgated under the Code, including, without limitation, the Regulations, and covenants to take any and all actions within its powers to ensure that the interest on the Series 2011 Note will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

6.03. Certification. The Mayor, the City Finance Director and the City Clerk are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code and the Regulations, Section 1.148-2(b), stating that on the basis of the facts, estimates and circumstances in existence on the date of issue and delivery of the Series 2011 Note, as such facts, estimates and circumstances are set forth in the certificate, it is expected that the proceeds of such Series 2011 Note will be used in a manner that would not cause the Series 2011 Note to be arbitrage bonds within the meaning of Section 148 of the Code and the Regulations applicable thereto.

**6.04 Arbitrage Rebate.** The Series 2011 Note is 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 Regulations to preserve the exclusion of interest on such Series 2011 Note from gross income for federal income tax purposes. In furtherance of the foregoing, the Mayor, the City Finance Director and the City Clerk are hereby authorized and directed to execute a Rebate Certificate implementing the foregoing covenants and agreements, prepared by bond counsel, 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.

**6.05 Information Reporting.** The City shall file with the Secretary of the Treasury, not later than November 15, 2011, a statement concerning the Series 2011 Note containing the information required by Section 149(e) of the Code.

**6.06. Qualified Tax-Exempt Obligations.** Pursuant to Section 265(b)(3)(B)(ii) of the Code, the City hereby designates the Series 2011 Note as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code. The City has not designated any obligations in 2011 under Section 265(b)(3) other than the Series 2011 Note, the Special Improvement District No. 1360 Refunding Bonds, Series 2011, the Pooled Special Improvement District Bonds, Series 2011 (Special Improvement Districts Nos. 1369 and 1391, and the Higher Education Revenue Note (Rocky Mountain College Energy Performance Project), Series 2011. 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 2011 in an amount greater than \$10,000,000.

**6.07 Survival of Obligations.** The provisions of Sections 6.02 and 6.04 shall survive the retirement and payment of the Series 2011 Note and the discharge of the other obligations of the City hereunder.

**Section 7. Authentication of Transcript.** The officers of the City are hereby authorized and directed to furnish to the Purchaser and to bond counsel certified copies of all proceedings relating to the issuance of the Series 2011 Note and such other certificates and affidavits as may be required to show the right, power and authority of the City to issue the Series 2011 Note, 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 8. Effective Date.** This Resolution shall take effect immediately upon its passage and adoption by the Council.

Passed and adopted by the City Council of the City of Billings, Montana, this 12th day of September, 2011.



CITY OF BILLINGS

*Thomas W. Hanel*

Thomas W. Hanel, Mayor

Attest: Cari Martin  
Cari Martin, City Clerk

## EXHIBIT A

[Form of Series 2011 Note]

UNITED STATES OF AMERICA  
STATE OF MONTANA  
COUNTY OF YELLOWSTONE

### **CITY OF BILLINGS**

SPECIAL IMPROVEMENT DISTRICT NO. 1392  
BOND ANTICIPATION NOTE, SERIES 2011

No. R-1 \$1,058,250.00

<u>Rate</u>	<u>Maturity Date</u>	Date of <u>Original Issue</u>
Variable	[____], 2012	[____], 2011

REGISTERED OWNER: U.S. BANK NATIONAL ASSOCIATION

PRINCIPAL AMOUNT: ONE MILLION FIFTY EIGHT THOUSAND TWO HUNDRED FIFTY AND NO/100 DOLLARS

FOR VALUE RECEIVED, THE CITY OF BILLINGS (the "City"), a duly organized municipal corporation of the State of Montana, acknowledges itself to be specially indebted and hereby promises to pay to the registered owner identified above, or registered assigns, but solely out of the Note Account (the "Note Account") in its 2011 Special Improvement District No. 1392 Fund (the "District Fund"), the principal amount equal to the sum of the amounts entered on Schedule A hereto under "Total Amount Advanced" on the maturity date specified above, with interest on such amount as advanced hereunder, at the Variable Rate (as hereinafter defined), until paid or redeemed. Upon presentation and surrender hereof at the office of the City Finance Director in Billings, Montana, the interest hereon and the principal hereof are payable in lawful money of the United States of America to the registered owner of this Note as it appears in the note register of the City. Interest shall be payable to the owner of record of this Note as such appear on the note register. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

"Variable Rate" means the rate equal to 47% of U.S. Bank's Prime Rate, as it may change from time to time. The Variable Rate includes a liquidity premium which is an internal funding cost component determined by U.S. Bank, in its sole discretion, based upon the current costs of term variable funding in the wholesale market.

Upon each disbursement of principal of this Note, the registered owner hereof shall enter the amount advanced on Schedule A attached hereto under "Advances" and the total amount advanced, including such disbursement, under "Total Amount Advanced."

This Note is issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended (the "Act") and Resolution No. [\_\_\_\_], adopted by the City Council of the City on September 12, 2011 (as such may be amended or supplemented, the "Resolution"), in anticipation of the issuance by the City of its Special Improvement District No. 1392 Bond, Series 2011 (the "Definitive Bonds"), under the Act, to for the purpose of financing costs of making improvements to the Yellowstone Family Park, formerly known as Byron Nelson Park, located in the Yellowstone Country Club, including, but not limited to, landscaping, trees, shrubs, turf grass, native vegetation, trails, sidewalk, irrigation system, playground and equipment, which is of special benefit to the properties within the District (the "Improvements"). Capitalized terms used herein but not otherwise defined shall have the respective meanings given such terms in the Resolution.

This Note is not a general obligation of the City and the City's general credit and taxing powers are not pledged to the payment of this Note or interest thereon. **The Revolving Fund is not pledged to the repayment of this Note.**

This Note has been designated by the City as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Note is subject to redemption, in whole or in part, at the option of the City at any time. The redemption price is equal to the principal amount of this Note to be redeemed plus interest accrued hereon to the date of redemption, without premium. The date of redemption shall be fixed by the City Finance Director, who shall give notice by first class mail, postage prepaid, to the owner of record of this Note at its address shown in the note register, of the principal amount to be redeemed and the date on which payment will be made, which date shall not be less than 15 days after the date of mailing of notice, on which date so fixed interest shall cease. On the date so fixed, interest on the principal amount so redeemed shall cease to accrue.

As provided in the Resolution and subject to certain limitations set forth therein, this Note is transferable upon the books of the City at the office of the City Finance Director, 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 City Finance Director, duly executed by the registered owner or his attorney. Upon such transfer, the City will cause a new Note 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.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all things required to be done precedent to the issuance of this Note have been properly done, happened and been performed in the manner prescribed by the laws of the State of Montana and the resolutions and ordinances of the City of Billings, Montana, relating to the issuance thereof; that the City in the Resolution has covenanted and agreed that at or prior to the stated maturity of this Note it will use its best efforts to sell and issue Definitive Bonds in an aggregate principal amount sufficient to provide the amount needed, together with any other money on deposit in the Note Account, to pay in full the outstanding principal of and interest on this Note at the stated

maturity hereof; that all provisions for the security of the registered owner of this Note set forth in the Resolution will be punctually and faithfully performed as therein stipulated; and that the issuance of this Note does not cause the general or special indebtedness of the City to exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Billings, State of Montana, by its City Council, has caused this Note to be executed by the signatures of the Mayor, the City Finance Director and the City Clerk, and by the official seal of the City.

CITY OF BILLINGS, MONTANA

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Mayor

(Seal)

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City Finance Director

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City Clerk

## PROVISIONS FOR REGISTRATION OF TRANSFER AND EXCHANGE

The ownership of this Note and of the interest payable hereon may be transferred to a bona fide purchaser only by delivery hereof with an assignment duly executed by the registered owner or his attorney or legal representative, and the City may treat the registered owner as the person exclusively entitled to receive payments of principal of and interest on this Note and to exercise all the rights and powers of an owner until this Note is presented to the City Finance Director of the City of Billings, Montana, as Registrar, accompanied by said assignment and by assurance of the nature provided by law that the same is genuine and effective, and until such transfer is duly registered on the books of the City and noted hereon by the Registrar.

### REGISTER

The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of the City of Billings, Montana in the name of the registered holder appearing on the first page hereof or as last noted below:

<u>Date of Registration</u>	<u>Name and Address of Registered Holder</u>	<u>Finance Director</u>
[____], 2011	U.S. Bank, National Association [address]	

### NO WRITING HEREON EXCEPT BY CITY FINANCE DIRECTOR AS REGISTRAR

The Registrar has transferred on the books of the City of Billings, Montana, on the date last noted below, to the registered assign noted opposite said date, ownership of the principal amount of and interest on this Note, except the amounts of principal and interest theretofore paid:

<u>Date of Transfer</u>	<u>Registered Assign</u>	<u>Signature of Finance Director</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**SCHEDULE A**  
**SCHEDULE OF AMOUNTS ADVANCED**