

CERTIFICATE AS TO RESOLUTION AND 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. _____, entitled: "RESOLUTION RELATING TO SPECIAL IMPROVEMENT DISTRICT NO. 1360 REFUNDING BONDS, SERIES 2011; AUTHORIZING THE ISSUANCE AND PRIVATE NEGOTIATED SALE THEREOF AND AUTHORIZING THE PLEDGE OF THE REVOLVING FUND TO THE SECURITY THEREFOR; AND CALLING A PUBLIC HEARING THEREON" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City at a meeting on July 25, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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: _____; voted against the same: _____; abstained from voting thereon: _____; or were absent: _____.

WITNESS my hand officially this 25th day of July, 2011.

City Clerk

RESOLUTION NO. _____

RESOLUTION RELATING TO SPECIAL IMPROVEMENT
DISTRICT NO. 1360 REFUNDING BONDS, SERIES 2011;
AUTHORIZING THE ISSUANCE AND PRIVATE
NEGOTIATED SALE THEREOF AND AUTHORIZING THE
PLEDGE OF THE REVOLVING FUND TO THE SECURITY
THEREFOR; AND CALLING A PUBLIC HEARING THEREON

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

Section 1. Recitals and Statutory Authorization.

1.01. The City, pursuant to Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended (the “Act”), has issued its special improvement district bonds (the “Outstanding Bonds”) drawn against the funds of, and to finance the costs of improvements in or for the benefit of, Special Improvement District No. 1360 of the City (the “District”). All of the improvements financed from the proceeds of the Outstanding Bonds have been completed and all proceeds of the Outstanding Bonds and investment income thereon to be applied to costs of the improvements have been so applied or have been applied to the partial redemption of the Outstanding Bonds drawn on the District, except for certain proceeds of the Outstanding Bonds on deposit in the Special Improvement District Revolving Fund of the City (the “Revolving Fund”).

1.02. Montana Code Annotated, Section 7-12-4194 authorizes the issuance of special improvement district bonds under the Act to provide money needed to pay principal of and interest on outstanding bonds if the rate of interest on the refunding bonds is not less than one-half of one percent (0.50%) a year less than the rate of interest on the bonds to be refunded.

1.03. Pursuant to Montana Code Annotated, Section 7-12-4194, it is necessary that the Council conduct a public hearing on the desirability of issuing the bonds if the bonds are proposed to be issued in an amount greater than the amount of outstanding bonds to be refunded.

Section 2. Findings. Pursuant to Montana Code Annotated, Section 7-12-4194, this Council hereby determines that it is in the best interests of the City and the owners of property in the District for the City to sell its special improvement district refunding bonds in order to provide funds to be used to refund the Outstanding Bonds in advance of their stated maturities. Such bonds shall be denominated “Special Improvement District No. 1360 Refunding Bonds, Series 2011” (the “Bonds”), and shall be issued in the maximum aggregate principal amount of \$2,620,000. The Bonds will be issued to achieve debt service savings for the District, estimated on a net present value basis (using the yield of the Bonds as the discount factor) calculated over the term of the Outstanding Bonds, to be \$180,000. The savings will benefit the District and the owners of property therein by reducing the total cost of the improvements financed therein.

Section 3. Sale of Bonds. Subject to the public hearing called for herein and pursuant to Section 7-12-4194(3)(a) of the Act, this Council hereby determines that it is in the

best interests of the City to sell the Bonds at a private negotiated sale to Piper Jaffray & Co., of Helena, Montana and Denver, Colorado (the “Purchaser”), in consultation with Springsted Incorporated, financial consultant to the City in respect of the Bonds. The Bonds shall be sold to the Purchaser on terms and at a purchase price within the following limitations: (1) the principal amount of the Bonds, exclusive of original issue premium or discount, shall not exceed \$2,620,000; (2) the purchase price of the Bonds shall not be less than 98.5% of the original principal amount of the Bonds, exclusive of original issue discount or premium, and the compensation to be paid to the Purchaser, realizable from underwriter’s discount or net original issue premium, shall not exceed 1.5% of the original principal amount of the Bonds; (3) the interest rates on the Bonds are such that the net present value of the of the debt service savings to be achieved by the refunding is not less than 7.0% of the principal amount of the Outstanding Bonds using the yield of the Bonds as the discount factor, calculated over the term of the Outstanding Bonds; and (4) the final stated maturity of the Bonds shall not be later than the final stated maturity of the Outstanding Bonds.

The minimum purchase price for the Bonds will enable the Purchaser to sell the Bonds more efficiently based on actual market conditions without adjusting the interest rates thereon to provide compensation for its purchase of the Bonds. This procedure will facilitate the sale of the Bonds at the lowest interest rates, which is in the best interests of the District and the City.

Section 4. Bond Purchase Agreement. The City Administrator and City Finance Director in consultation with Springsted Incorporated, are hereby authorized and directed to approve the final principal amount of the Bonds, purchase price, maturity dates, principal amounts, interest rates and redemption provisions of the Bonds, subject to the limitations contained in the preceding paragraphs and the Act. Upon approving such terms, the City Administrator and City Finance Director are hereby authorized and directed to approve, execute and deliver to the Purchaser a bond purchase agreement (the “Bond Purchase Agreement”), containing the agreement of the City to sell, and the agreement of the Purchaser to purchase, the Bonds on the terms so approved, and containing such other provisions as such officers shall deem necessary and appropriate. In the event of the absence or disability of the City Administrator and City Finance Director, the Mayor or Deputy City Administrator shall make such approvals and execute and deliver the Bond Purchase Agreement. The execution and delivery by appropriate officers of the City of the Bond Purchase Agreement shall be conclusive as to the approval of such officers of the terms of the Bonds and the agreement of the City to sell the Bonds on such terms in accordance with the provisions thereof.

The form of the Bonds and the final terms and conditions thereof shall be prescribed by a subsequent resolution to be adopted by this Council.

Section 5. Pledge of Revolving Fund. In the resolution of intention to create the District, this Council found that it was in the public interest, and in the best interest of the City and the District, to secure payment of the principal of and interest on the Outstanding Bonds by the Revolving Fund, on the basis of factors required to be considered under Section 7-12-4225 of the Act. It is hereby found, determined and declared that it is in the public interest and in the best interest of the City and the District, to secure payment of the principal of and interest on the Bonds by the Revolving Fund, and the findings made in the resolution of intention in respect of the pledge of the Revolving Fund for the District are hereby ratified and confirmed; no material

adverse condition relevant to the pledge of the Revolving Fund in the District having occurred since the Outstanding Bonds were issued.

Section 6. Official Statement. The City Finance Director with the Springsted Incorporated and Dorsey & Whitney LLP, the City's bond counsel, are authorized to prepare on behalf of the City an Official Statement, to be distributed by the Purchaser to prospective purchasers of the Bonds, if necessary for the sale of the Bonds. The Official Statement shall contain such information as shall be advisable and necessary to describe accurately the City, the security for, and the terms and conditions of, the Bonds. The City Administrator and City Finance Director are authorized on behalf of the Council to deem the Official Statement near "final" as of its date, in accordance with Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934.

Section 7. Notice of Redemption. The City Finance Director is hereby authorized to give notice of redemption of the Outstanding Bonds with stated maturities after July 1, 2012, in accordance with the resolution authorizing issuance of the Outstanding Bonds, subject to the condition that such notice is subject to revocation by the City in the event the Bonds are not theretofore sold to the Purchaser or for some other reason deemed to be in the best interest of the City by the City Finance Director.

Section 8. Public Hearing; Notice of Resolution. A public hearing is hereby called and shall be held on August 8, 2011 at 6:30 p.m. in the Council Chambers on the second floor of the Police Facility, 220 N. 27th Street, Billings, Montana. The Council hereby authorizes and confirms the authority of the City Clerk to publish or cause to be published a notice of public hearing in the *Billings Gazette*, a newspaper of general circulation in the county on July 21 and July 28, 2011 and to mail or cause to be mailed a copy of said notice to every person, firm, corporation, or the agent of such person, firm, or corporation having real property within the District listed in his or her name upon the last completed assessment roll for state, county, and school district taxes, at his last-known address, on or before the same day such notice is first published.

PASSED AND APPROVED by the City Council of the City of Billings, Montana, this
25th day of July, 2011.

Mayor

Attest: _____
City Clerk

(SEAL)