

CERTIFICATE AS TO ORDINANCE 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 ordinance is a true copy of an Ordinance entitled: "ORDINANCE APPROVING THE PARK 2 EXPANSION AS AN URBAN RENEWAL PROJECT IN THE EXPANDED NORTH 27TH STREET URBAN RENEWAL AREA - 2008; AND AUTHORIZING A PORTION OF THE FINANCING THEREOF WITH TAX INCREMENT REVENUES" (the "Ordinance"), on file in the original records of the City in my legal custody; that the Ordinance was duly presented for first reading by the City Council of the City at a regular meeting on July 23, 2012, 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notice of such meeting given as required by law; and that the Ordinance has not as of the date hereof been amended or repealed.

WITNESS my hand and seal officially this 23rd day of July, 2012.

(SEAL)

City Clerk

I further certify that the Ordinance was duly adopted on second reading by the City Council of the City at a special meeting on August 13, 2012, 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notice of such meeting given as required by law; and that the Ordinance has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Ordinance 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 and seal officially this 13th day of August, 2012.

(SEAL)

City Clerk

ORDINANCE NO. _____

ORDINANCE APPROVING THE PARK 2 EXPANSION AS AN URBAN RENEWAL PROJECT IN THE EXPANDED NORTH 27TH STREET URBAN RENEWAL AREA - 2008; AND AUTHORIZING A PORTION OF THE FINANCING THEREOF WITH TAX INCREMENT REVENUES

NOW, WHEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BILLINGS, MONTANA:

WHEREAS, on July 11, 2005, the City Council adopted Ordinance No. 05-5333, which created the North 27th Street District Urban Renewal Area as an urban renewal district and approved the North 27 Street Urban Renewal Plan (the “North 27th Street Plan”) containing a tax increment financing provision.

WHEREAS, on November 13, 2006 and December 8, 2008, the City Council adopted Ordinance Nos. 06-5394 and 08-5483, respectively, which expanded the boundaries of the North 27th Street Urban Renewal Area and amended the North 27th Street Plan to create the Expanded North 27th Street Urban Renewal Area – 2008 (the “District”).

WHEREAS, in adopting the North 27th Street Plan, the City noted the need for additional public parking in the District, and the North 27th Street Plan contemplates the development of additional parking in the District.

WHEREAS, the North 27th Street Plan determined it necessary to use tax increment financing to encourage private reinvestment within the District, and provided for the segregation of the tax increment; and the North 27th Street Plan further contemplates the use of tax increment received in the District to finance the costs of development projects approved by the Council, including issuing bonds secured by the tax increment, as a way of encouraging private investment, and development and redevelopment in the District.

WHEREAS, this Council on July 23, 2012, conducted a public hearing on a proposal with respect to an urban renewal project in the District and to finance a portion of the costs thereof with tax increment revenues under Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the “Act”).

Section 1. Recitals.

1.01 The City is a party to that certain Lease Purchase Agreement (the “Park 2 Lease Purchase Agreement”), dated August 31, 2006, between the City and Capital One, N.A., as successor to Koch Financial Corporation. The Park 2 Lease Purchase Agreement was entered into in order to finance the 2006 expansion of the City’s Park 2 parking garage (the “Project”), located in the District at the intersection of 2nd Avenue North and North 26th Street (“Park 2”). Amounts due under the Park 2 Lease Purchase Agreement are secured by and payable solely from parking revenues of the City. The original aggregate principal amount payable under the Park 2 Lease Purchase Agreement was \$5,930,000, of which \$4,979,186 remains outstanding.

1.02 Parking revenues of the City are insufficient to pay the annual lease payments under the Park 2 Lease Purchase Agreement and reserves in the City Parking Fund have been used for such purposes. The City Parking Fund has been further depleted as a result of increased operating costs and capital expenditures.

1.03 The City Parking Advisory Board has requested that the City refinance the Park 2 Lease Purchase Agreement in order to achieve lower annual payments with respect to amounts owing thereunder. Such refinancing would be achieved by (i) applying proceeds of the sale of the City's Park 4 parking garage, located in the District at the intersection of 6th Avenue North and North 31st Street ("Park 4"), to the repayment of amounts due under the Park 2 Lease Purchase Agreement and (ii) applying the proceeds of parking revenue refunding bonds to the repayment of the remaining amounts due under the Park 2 Lease Purchase Agreement. The parking revenue refunding bonds would be issued by the City and be payable primarily from parking revenues. The City Parking Advisory Board has also requested that the City declare the Project as an urban renewal project under the Act in order to apply \$100,000 annually of tax increment from the District toward the repayment of such parking revenue refunding bonds.

1.04 Pursuant to the Act and the procedures contained in the North 27th Street Plan, and Resolution No. 12-19185, adopted July 9, 2012, the City has set forth its intention to use tax increment in an amount sufficient to finance a portion of the Project.

1.05 Pursuant to Resolution No. 12-19185, a public hearing was duly noticed and held on July 23, 2012, at which all persons wishing to speak were given the opportunity to address the Council with respect to approval of the Project as an urban renewal project and to finance a portion of the costs thereof with tax increment revenues.

Section 2. Findings. The Council hereby finds, with respect to the Project, as follows:

(a) the Project enhances rehabilitation and redevelopment of the District by private enterprise, and the construction of the Project eliminated blight in the Sunsetting District and the District;

(b) the taxable value of property in the District is increased by the availability of sufficient public parking for employees and customers;

the loss of Park 2, including the Project, will substantially negatively affect the rehabilitation and redevelopment of the District by significantly reducing public parking in the primary downtown Billings business corridor;

(c) no persons were displaced from their housing by the construction of the Project;

(d) the Urban Renewal Plan and the Project conform to the comprehensive plan and growth policy of the City;

(e) the Urban Renewal Plan and the Project afford maximum opportunity consistent with the needs of the City as a whole for the rehabilitation and redevelopment of the District by private enterprise;

(f) there is a workable and feasible plan of financing for the Project as more particularly described in Section 4 hereof; and

(g) the Project constitutes an urban renewal project within the meaning of the Act and the Urban Renewal Plan and the Project is eligible for financing from the tax increment of the District.

Section 3. Approval of Project and Financing. The Project is hereby approved as an urban renewal project. The Council further approves the use of \$100,000 annually of tax increment from the District to finance a portion of the costs of the Project.

Section 4. Effective Date. This Ordinance shall take effect from and after 30 days of its passage by the City Council and approval by the Mayor.

PASSED AND APPROVED by the City Council of the City of Billings, Montana, on the second reading this 13th day of August, 2012.

Mayor

Attest: _____
City Clerk

[Signature page to Ordinance Approving
the Park 2 Expansion as an Urban Renewal Project]