

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Billings, Montana (the "City"), hereby certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION RELATING TO TAX INCREMENT URBAN RENEWAL REVENUE BONDS (EXPANDED NORTH 27TH STREET URBAN RENEWAL AREA), (TAX EXEMPT) SERIES 2013A AND TAX INCREMENT URBAN RENEWAL REVENUE BONDS (EXPANDED NORTH 27TH STREET URBAN RENEWAL AREA), (TAXABLE) SERIES 2013B; AUTHORIZING THE ISSUANCE AND PRIVATE NEGOTIATED SALE THEREOF" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City at a regular meeting on January 28, 2013, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 and seal officially this 28th day of January, 2013

(SEAL)

City Clerk

RESOLUTION NO. _____

RESOLUTION RELATING TO TAX INCREMENT URBAN RENEWAL REVENUE BONDS (EXPANDED NORTH 27TH STREET URBAN RENEWAL AREA), (TAX EXEMPT) SERIES 2013A AND TAX INCREMENT URBAN RENEWAL REVENUE BONDS (EXPANDED NORTH 27TH STREET URBAN RENEWAL AREA), (TAXABLE) SERIES 2013B; AUTHORIZING THE ISSUANCE AND PRIVATE NEGOTIATED SALE THEREOF

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

Section 1. Recitals and Authorization.

1.01. Under the provisions of Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the “Act”), the City is authorized to create urban renewal areas, prepare and adopt an urban renewal plan therefor and amendments thereto, undertake urban renewal projects therein, provide for the segregation and collection of tax increment with respect to property taxes collected in such areas, issue its bonds to pay the costs of such projects and to refund bonds previously issued under the Act and pledge to the repayment of the bonds the tax increment and other revenues derived from projects undertaken within the urban renewal area.

1.02. Pursuant to the Act and Ordinance No. 05-5333 adopted on July 11, 2005, the Council created the North 27th Street District Urban Renewal Area as an urban renewal district, and approved the North 27th Street Urban Renewal Plan (the “North 27th Street Plan”) for the District (as hereinafter defined) containing a tax increment financing provision all as set forth in Ordinance No. 05-5333. The Council adopted Ordinance Nos. 06-5394 and 08-5483 on November 13, 2006 and December 8, 2008, respectively, which expanded the boundaries of the District and amended the North 27th Street Plan to create the Expanded North 27th Street Urban Renewal Area – 2008 (the “District”).

1.03. 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. In addition, 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 received in the District. 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.

1.04. Following a duly noticed public hearing and pursuant to Ordinance No. 11-5539 adopted July 11, 2011, the City declared as an Urban Renewal Project under the Act the design and construction of a parking garage and retail space on the corner of North 27th Street and Montana Avenue (the “Empire Parking Garage”), including the acquisition of land therefor, and

declared its intention to issue tax increment bonds payable from tax increment received in the District in order to finance the Empire Parking Garage.

1.05. There are no other bonds or other obligations of the City payable from tax increment received in the District, except the obligation of the City pursuant to the Development Agreement dated as of May 31, 2011 with Zootist Hotel, LLC (“Zootist”) to reimburse Zootist on subordinate lien basis from tax increment revenues of the District for the costs of certain Qualified Improvements to the Northern Hotel Property. The estimated costs of the Qualified Improvements is \$2,180,827. The City’s obligation to reimburse Zootist is dependent upon completion of the Northern Hotel Project and completion of the Qualified Improvements and is limited to the actual costs of the Qualified Improvements, not to exceed \$2,180,827 or the Maximum Reimbursement Amount (as hereinafter defined). The Maximum Reimbursement Amount is calculated based on 33% of the difference between \$2,110,130 (the 2010 assessed value of the Northern Hotel located in Billings Original Townsite 613, Block 109, Lots 8-12) and the assessed value of the same property including improvements thereon in the first full tax year following completion of the Northern Hotel.

1.06. Based on District tax increment of \$1,547,019 received in 2012 and projected District tax increment of \$1,977,281 to be received in 2013, the City estimates that the District tax increment will be at least \$2,000,000 per year. Costs of the Empire Parking Garage in excess of the proceeds of such bonds will be paid from tax increment funds on hand, loans from the City’s General Fund, and proceeds from the sale of parking spaces and the retail space in the Empire Parking Garage to private persons.

Section 2. Authorizations. Pursuant to the authority and findings recited in Section 1, it is hereby determined that it is in the best interests of the City to offer for sale its Tax Increment Urban Renewal Revenue Bonds (Expanded North 27th Street Urban Renewal Area), (Tax Exempt) Series 2013A (the “Series 2013A Bonds”) and its Tax Increment Urban Renewal Revenue Bonds (Expanded North 27th Street Urban Renewal Area), (Taxable) Series 2013B (the “Series 2013B Bonds” and, together with the Series 2013A Bonds, the “Series 2013 Bonds”), in the maximum aggregate principal amount of \$14,500,000, for the purpose of financing the Empire Parking Garage, funding a deposit to a debt service reserve account for the Series 2013 Bonds, and paying costs of issuance of the Series 2013 Bonds, as determined by the officers of the City identified pursuant to, and subject to the limitations set forth in, Section 3. The Series 2013 Bonds will be payable prior to the reimbursement to Zootist described in Section 1.05.

Section 3. Parameters and Terms of Sale. This Council hereby determines that it would be in the best interests of the City to sell the Series 2013 Bonds through a negotiated sale to D.A. Davidson & Co., of Great Falls, Montana (the “Purchaser”).

The Series 2013A Bonds shall be sold to the Purchaser on terms and at a purchase price within the following limitations: (1) the maximum aggregate principal amount of the Series 2013A Bonds, exclusive or original issue discount or premium, shall not exceed \$8,500,000; (2) the purchase price of the Series 2013A Bonds shall not be less than 98.7% of the principal amount thereof; (3) the total interest cost on the Series 2013A Bonds shall not exceed 5.75%; and (4) the final stated maturity of the Series 2013A Bonds shall not be later than 25 years from

their date of issue. All costs of issuing the Series 2013A Bonds (including, without limitation, the fees and expenses of bond counsel, the fees of the paying agent and registrar, the Preliminary and final Official Statement costs, and the costs of printing the Series 2013A Bonds) shall be paid by the City.

The Series 2013B Bonds shall be sold to the Purchaser on terms and at a purchase price within the following limitations: (1) the maximum aggregate principal amount of the Series 2013B Bonds, exclusive of original issue discount or premium, shall not exceed \$6,000,000; (2) the purchase price of the Series 2013B Bonds shall not be less than 98.7% of the principal amount thereof; (3) the total interest cost on the Series 2013B Bonds shall not exceed 7.75%; and (4) the final stated maturity of the Series 2013B Bonds shall not be later than 25 years from their date of issue. All costs of issuing the Series 2013B Bonds (including, without limitation, the fees and expenses of bond counsel, the fees of the paying agent and registrar, the Preliminary and final Official Statement costs, and the costs of printing the Series 2013B Bonds) shall be paid by the City.

The City Administrator and the City Finance Director in consultation with Springsted Incorporated are hereby authorized and directed to approve the principal amount of the Series 2013 Bonds, the maturity dates, interest rates and redemption provisions of the Series 2013 Bonds and compensation to the Purchaser, subject to the limitations contained in this Article 3. Upon approving such terms, the City Administrator and the 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 Series 2013 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 Series 2013 Bonds and the agreement of the City to sell such Bonds on such terms in accordance with the provisions thereof.

The forms of the Series 2013 Bonds and the security therefor shall be prescribed by a subsequent resolution to be adopted by this Council.

Section 4. Official Statement. The City Finance Director, in consultation with Springsted Incorporated, the Purchaser 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 Series 2013 Bonds. The Official Statement shall contain such information as shall be advisable and necessary to describe accurately the City and the security for, and the terms and conditions of, the Series 2013 Bonds. The City Administrator and City Finance Director are authorized on behalf of the Council to deem the Preliminary Official Statement near "final" as of its date, in accordance with Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934.

PASSED AND APPROVED by the City Council of the City of Billings, Montana, this 28th day of January, 2013.

Mayor

Attest: _____
City Clerk