

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 \$7,885,000 TAX INCREMENT URBAN RENEWAL REVENUE BONDS (EXPANDED NORTH 27TH STREET URBAN RENEWAL AREA) (TAX EXEMPT) SERIES 2013A AND \$5,325,000 TAX INCREMENT URBAN RENEWAL REVENUE BONDS (EXPANDED NORTH 27TH STREET URBAN RENEWAL AREA) (TAXABLE) SERIES 2013B; AUTHORIZING THE SALE AND PRESCRIBING THE FORMS AND TERMS THEREOF AND THE 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 meeting on March 25, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 officially this 25th day of March, 2013.

City Clerk

TABLE OF CONTENTS

[Not a part of this Resolution; for convenience of reference only.]

	<u>Page</u>
SECTION 1. DEFINITIONS, AUTHORIZATIONS AND FINDINGS.	1
1.01. Definitions.....	1
1.02. Rules of Construction	5
1.03. Exhibits	5
1.04. Authorization	6
1.05. Prior City Actions	6
1.06. Zootist / Alley Cat Agreements	6
1.07. Application of Series 2013 Bond Proceeds	7
1.08. Authorization and Sale of Series 2013 Bonds; Official Statement.....	8
1.09. Estimate of Tax Increment.....	8
1.10. Findings and Determinations	8
SECTION 2. THE BONDS.	9
2.01. General Title	9
2.02. General Limitations; Issuable in Series	9
2.03. Terms of a Particular Series	9
2.04. Form and Denominations.....	10
2.05. Execution and Delivery.....	10
SECTION 3. BOND TERMS, EXECUTION AND DELIVERY	10
3.01. Term of Series 2013 Bonds.....	10
3.02. Registered Form, Interest Payment Dates.....	11
3.03. Dated Date	11
3.04. Registration	11
3.05. Appointment of Initial Registrar	13
3.06. Optional Redemption	13
3.07. Mandatory Sinking Fund Redemption.....	14
3.08. Execution and Delivery.....	15
3.09. Securities Depository for the Series 2013 Bonds	16
3.10. Form of Series 2013 Bonds.....	18
3.11. Application of Proceeds of Series 2013 Bonds.....	18
SECTION 4. ADDITIONAL BONDS	18
4.01. General Provisions	18
4.02. Additional Bonds To Pay the Cost of Projects	19
4.03. Additional Bonds for Refunding Purposes	21
4.04. Subordinate Obligations.....	21

SECTION 5. THE TAX INCREMENT FUNDS	22
5.01. Bond Proceeds and Tax Increment Pledged and Appropriated	22
5.02. Tax Increment Receipts	22
5.03. Construction Account	22
5.04. Bond Account	23
5.05. Reserve Account	24
5.06. Tax Increment Development Fund	24
5.07. Investments	25
SECTION 6. CONTINUING DISCLOSURE.....	26
SECTION 7. TAX COVENANTS AND CERTIFICATIONS	30
7.01. Use of City Owned Portion of Empire Parking Garage.....	30
7.02. General Covenant.....	30
7.03. Arbitrage Certification.....	31
7.04. Arbitrage Rebate	31
7.05. Information Reporting	31
SECTION 8. OTHER COVENANTS OF CITY.....	31
8.01. Punctual Payment.....	31
8.02. Accumulation of Claims of Interest.....	31
8.03. Against Encumbrances.....	32
8.04. Management and Operation of Properties	32
8.05. Books and Accounts; Financial Statements	32
8.06. Completion of Projects	32
8.07. Further Assurances.....	32
8.08. Amendment of Ordinance.....	32
8.09. Adjustment of Base Taxable Value	32
8.10. Federal Tax Exemption.....	32
8.11. Pledge of Replacement Revenues.....	33
8.12. Owners' Rights	33
SECTION 9. SUPPLEMENTAL RESOLUTIONS	33
9.01. General.....	33
9.02. Consent of Owners.....	34
9.03. Notice.....	34
9.04. Manner of Consent.....	34
SECTION 10. DEFEASANCE OR DISCHARGE	34
10.01. General.....	34
10.02. Maturity.....	35
10.03. Redemption	35
10.04. Escrow.....	35

SECTION 11. CERTIFICATION OF PROCEEDINGS.....35

SECTION 12. REPEALS AND EFFECTIVE DATE.....35

12.01. Repeal 35

12.02. Effective Date 35

EXHIBIT A-Form of Series 2013A Bonds

EXHIBIT B-Form of Series 2013B Bond

RESOLUTION NO. _____

RESOLUTION RELATING TO \$7,885,000 TAX INCREMENT URBAN RENEWAL REVENUE BONDS (EXPANDED NORTH 27TH STREET URBAN RENEWAL AREA) (TAX EXEMPT) SERIES 2013A AND \$5,325,000 TAX INCREMENT URBAN RENEWAL REVENUE BONDS (EXPANDED NORTH 27TH STREET URBAN RENEWAL AREA) (TAXABLE) SERIES 2013B; AUTHORIZING THE SALE AND PRESCRIBING THE FORMS AND TERMS THEREOF AND THE SECURITY THEREFOR

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

Section 1. Definitions, Authorizations and Findings.

1.01. Definitions. The terms defined in this Section 1.01 shall for all purposes of this Resolution have the meanings herein specified, unless the context clearly otherwise requires:

Accountant shall mean a Person engaged in the practice of accounting as a certified public accountant, whether or not employed by the City.

Act shall mean Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended or supplemented.

Additional Bonds shall mean any Bonds issued pursuant to Sections 4.01 through 4.03.

Bonds shall mean the Series 2013 Bonds and any Additional Bonds.

Bond Account shall mean the account so designated in the Tax Increment Debt Service Fund.

Bond Counsel shall mean any firm of nationally recognized bond counsel experienced in matters relating to tax-exempt financing, selected by the City.

Bond Register shall mean the register maintained for the purpose of registering the ownership, transfer and exchange of the Bonds of any series.

Business Day shall mean, with respect to the Bonds of any series, any day other than a Saturday, Sunday or other day on which the Registrar for such series of Bonds is not open for business.

City shall mean the City of Billings, Montana, or its successors.

Code shall mean the Internal Revenue Code of 1986, as amended.

Construction Account shall mean the account so designated in the Tax Increment Capital Project Fund.

Defeasance Obligations shall mean obligations for payment of the principal of and interest on which the United States has pledged its full faith and credit and which are not subject to redemption or prepayment other than at the option of the holder thereof.

District shall mean the City's Expanded North 27th Street Urban Renewal Area—2008 created and established pursuant to the Act and the Ordinance, as such district may be enlarged or reduced in accordance with the Act and this Resolution.

Empire Parking Garage shall mean a 505-car parking garage and 18,000-square-foot retail space located in the District on the corner of North 27th Street and Montana Avenue.

Empire Parking Garage Project shall mean the Project described in Section 1.05.

Fiscal Year shall mean the period commencing on the first day of July of any year and ending on the last day of June of the next calendar year, or any other twelve-month period authorized by law and specified by this Council as the City's Fiscal Year.

Independent shall mean, when used with respect to any specified Person, such a Person who (i) is in fact independent; (ii) does not have any direct financial interest or any material indirect financial interest in the City, other than the payment to be received under a contract for services to be performed by such Person; and (iii) is not connected with the City as an officer, employee, promoter, trustee, partner, director, underwriter or person performing similar functions. Whenever it is herein provided that any Independent Person's opinion or certificate shall be furnished, such Person shall be appointed by the City and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

Interest Account shall mean the subaccount so designated in the Bond Account.

Interest Payment Date shall mean the Stated Maturity of an installment of interest on any of the Bonds.

Ordinance shall mean Ordinance No. 05-5333, adopted by this Council on July 11, 2005, as amended and supplemented by Ordinance Nos. 06-5394 and 08-5483 adopted on November 13, 2006 and December 8, 2008, respectively, and as may be further amended and supplemented from time to time.

Original Purchaser shall mean, with respect to any series of Bonds, the Person who purchases such series of Bonds from the City when first issued. The Original Purchaser of the Series 2013 Bonds is D.A. Davidson & Co. of Great Falls, Montana.

Outstanding shall mean, with reference to Bonds, as of the date of determination, all Bonds theretofore issued and delivered under this Resolution except:

- (i) Bonds theretofore cancelled by the City or delivered to the City cancelled or for cancellation;

(ii) Bonds and portions of Bonds for whose payment or redemption money or Defeasance Obligations (as provided in Section 10) shall have been theretofore deposited in trust for the Owners of such Bonds; provided, however, that if such Bonds are to be redeemed, notice of such redemption shall have been duly given pursuant to this Resolution or irrevocable instructions to call such Bonds for redemption at a stated Redemption Date shall have been given by the City; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been issued and delivered pursuant to this Resolution;

provided, however, that in determining whether the Owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the City shall be disregarded and deemed not to be Outstanding.

Owner shall mean, with respect to any Bond, the Person in whose name such Bond is registered in the Bond Register.

Person shall mean any individual, corporation, partnership, joint venture, limited liability company, limited liability partnership, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Principal and Interest Requirements shall mean, with respect to any Bonds and for any Fiscal Year or other specified period, the amount required to pay the principal of and interest on such Bonds during such Fiscal Year or other period, determined on the assumption that each Serial Bond is to be paid on its Stated Maturity and each Term Bond is to be paid on the Sinking Fund Payment Dates according to the mandatory redemption requirements established for such Term Bond by the applicable section of this Resolution or any Supplemental Resolution.

Principal Payment Date shall mean the Stated Maturity of principal of any Serial Bond and the Sinking Fund Payment Date for any Term Bond.

Project shall mean the Empire Parking Garage Project and any other urban renewal project undertaken under the Act in or for the benefit of the District, the costs of which are to be paid, in whole or in part, from the proceeds of Bonds.

Redemption Date when used with respect to any Bond to be redeemed shall mean the date on which it is to be redeemed.

Redemption Price when used with respect to any Bond to be redeemed shall mean the price at which it is to be redeemed.

Registrar shall mean the Person, if any, appointed by the City to act as bond registrar, transfer agent and paying agent for a series of Bonds. With respect to the Series 2013 Bonds, the Registrar shall be appointed as set forth in Section 3.05.

Reserve Account shall mean the account so designated in the Tax Increment Debt Service Fund.

Reserve Requirement shall mean, as of the date of calculation, an amount equal to the maximum Principal and Interest Requirements on Outstanding Bonds for the then current or any future calendar year.

Resolution shall mean this Resolution No. _____ as originally adopted or as it may from time to time be amended or supplemented pursuant to the applicable provisions hereof.

Serial Bonds shall mean Bonds which are not Term Bonds.

Series 2013 Bonds shall mean the City's Series 2013A Bonds and Series 2013B Bonds.

Series 2013A Bonds shall mean the City's Tax Increment Urban Renewal Revenue Bonds (Expanded North 27th Street Urban Renewal Area) (Tax Exempt) Series 2013A, issued in the original aggregate principal amount of \$7,885,000.

Series 2013B Bonds shall mean the City's Tax Increment Urban Renewal Revenue Bonds (Expanded North 27th Street Urban Renewal Area) (Taxable) Series 2013B, issued in the original aggregate principal amount of \$5,325,000.

Sinking Fund Account shall mean the subaccount so designated in the Bond Account.

Sinking Fund Payment Date shall mean a date set forth in any applicable provision of this Resolution or a Supplemental Resolution for the making of a mandatory principal payment for the redemption of a Term Bond.

State shall mean the State of Montana.

Stated Maturity when used with respect to any Bond or any installment of interest thereon shall mean the date specified in such Bond as the fixed date on which principal of such Bond or such installment of interest is due and payable.

Subordinate Bonds shall mean any Bonds issued pursuant to Section 4.04.

Supplemental Resolution shall mean any resolution supplemental to this Resolution adopted pursuant to Section 9.

Tax Increment shall mean the amount received by the City pursuant to the Act from the extension of levies of Taxes (expressed in mills) against the incremental taxable value (as defined in the Act) of all Taxable Property, and shall include all payments in lieu of Taxes attributable to the incremental taxable value and all payments received by the City designated as replacement revenues for lost Tax Increment, as provided in Section 8.11.

Tax Increment Capital Project Fund shall mean the fund so designated in the Tax Increment Funds.

Tax Increment Debt Service Fund shall mean the fund so designated in the Tax Increment Funds.

Tax Increment Development Fund shall mean the fund so designated in the Tax Increment Funds.

Tax Increment Funds shall mean the funds established pursuant to Section 5.

Taxable Property means all real and personal property located in the District and subject to Taxes, including land, improvements and equipment.

Taxes means all taxes levied on an ad valorem basis by any Taxing Body against the Taxable Property (exclusive of the six mill levy for university purposes levied by the State), and shall include all payments in lieu of taxes received by the City with respect to Taxable Property.

Taxing Body shall mean the City; the County of Yellowstone, Montana; the countywide school districts; the Billings High School and Elementary School Districts; the Big Sky Economic Development Authority; the State; and any other political subdivision or governmental unit which may hereafter levy Taxes against property within the District.

Term Bond shall mean any Bond for the payment of the principal of which mandatory payments are required by this Resolution or Supplemental Resolution to be made at times and in amounts sufficient to redeem all or a portion of such Bond prior to its Stated Maturity.

1.02. Rules of Construction. Unless the context otherwise requires or except as otherwise expressly provided:

(a) All references in this Resolution to designated sections and other subdivisions are to the designated sections and other subdivisions of this 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 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 Resolution 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.

(f) “Or” is not intended to be exclusive, but is intended to contemplate or encompass one or more or all of the terms or alternatives conjoined.

1.03. Exhibits.

Exhibit A – Form of Series 2013A Bond; and

Exhibit B – Form of Series 2013B Bond.

1.04. Authorization. Under 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.

1.05. Prior City Actions. Pursuant to the Act and the Ordinance, this Council created the District as an urban renewal district (as defined in the Act) and approved the North 27th Street Urban Renewal Plan (the “Plan”) for the District containing a tax increment financing provision all as set forth in the Ordinance. The Plan states that it is necessary to use tax increment financing to encourage private reinvestment within the District, which will further encourage economic growth in the District and downtown Billings, create substantial employment opportunities, and increase the tax base of the City and other taxing jurisdictions. The Plan further provides for the segregation of tax increment derived in the District and the use of such tax increment as authorized by the Act and the Plan from time to time, including, without limitation, pledging the tax increment to the repayment of bonds. The Plan also provides that parking is a significant need and a primary objective of the District and details significant deficiencies in parking infrastructure throughout the District. The Plan identifies parking structures to support current and future needs within the District as appropriate projects which could be financed by the tax increment revenue of the District. In 2010, the City commissioned a study by Rich and Associates, Inc. of parking in downtown Billings (the “Parking Study”). The Parking Study identifies parking shortages in certain locations in downtown Billings, which may be further compounded by proposed and potential future growth.

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 (as defined in the Act) the acquisition, design and construction of the Empire Parking Garage (the “Empire Parking Garage Project”), and declared its intention to issue tax increment bonds payable from tax increment received in the District in order to finance the costs thereof.

The City has retained the services of Sletten Construction Company for design and construction and OAC Services, Inc. as project manager. Design of the Empire Parking Garage Project has been completed and construction is anticipated to commence by March 2013. The City is of the opinion that the Empire Parking Garage as contemplated can be constructed with the proceeds of the Series 2013 Bonds and the other available funds of the City, as described in Section 1.07.

1.06. Zootist / Alley Cat Agreements. In order to further the Empire Parking Garage Project, this Council approved the purchase by the City from Alley Cat Investments, LLC (“Alley Cat”) and Zootist Garage, LLC (together with its affiliates, “Zootist”), the land upon which the Empire Parking Garage will be located (the “Land”). The City also entered into option agreements with Alley Cat and Zootist, pursuant to which Alley Cat and Zootist have

options to purchase parking spaces in the Empire Parking Garage at an aggregate purchase price equal to the amount that the City originally paid to Alley Cat and Zootist for the purchase of the Land. Alley Cat and Zootist also have options to purchase retail space in the Empire Parking Garage.

Alley Cat owns and operates the five-story mixed-use Securities Building in the District. Alley Cat intends to purchase parking spaces in the Empire Parking Garage to support operations at the Securities Building.

Zootist owns the Northern Hotel, a historic hotel in the District that is currently being restored and is slated to open in March 2013 (the “Northern Hotel”). Pursuant to Ordinance No. 11-5539 adopted July 11, 2011, the City declared as an urban renewal project (as defined in the Act) the Northern Hotel and the City authorized the use of Tax Increment to reimburse Zootist, on a subordinate lien basis, for costs of certain public improvements associated therewith, in an amount not to exceed \$2,180,827 (the “Zootist Subordinate Obligation”). The Zootist Subordinate Obligation is subordinate to the Series 2013 Bonds and any Additional Bonds. Zootist intends to purchase parking spaces in the Empire Parking Garage to support operations at the Northern Hotel.

Alley Cat has exercised its option to purchase 25 parking spaces, and Zootist has exercised its option to purchase 187 parking spaces. Upon completion of the Empire Parking Garage Project, the City will convert the property into a condominium. Condominium agreements will be entered into which will govern the conditions for the use and operation of the Empire Parking Garage; such agreements to be presented to this Council for approval prior to the execution thereof. The City, Alley Cat, Zootist and retail owners will own approximately 54.4%, 5.3%, 31.0% and 9.2%, respectively, of the Empire Parking Garage. The portion of the Empire Parking Garage that will be owned by the City is referred to herein as the “City Portion of the Empire Parking Garage”). The portion of the Empire Parking Garage that will be owned by Alley Cat and Zootist (excluding retail space) is referred to herein as the “Privately Owned Portion of the Empire Parking Garage”). The City will own, operate and manage the City Portion of the Empire Parking Garage, and will charge normal rates, charges and rentals for spaces therein, consistent with its other parking facilities.

1.07. Application of Series 2013 Bond Proceeds. Proceeds of the Series 2013 Bonds will be applied as follows:

	Series <u>2013A Bond</u>	Series <u>2013B Bond</u>
Construction Costs	\$7,188,000.00	\$4,812,000.00
Costs of Issuance	72,963.11	49,274.39
Rounding Amount	273.84	3,182.21
Underwriter’s Discount	102,505.00	69,225.00
Deposit to Reserve Account	580,431.00	388,569.00
Total Financed*	\$7,944,172.95	\$5,322,250.60

* Totals reflect the reoffering premium of \$59,172.95 for the Series 2013A Bonds and net original issue discount of \$2,749.40 for the Series 2013B Bonds.

Proceeds of the Series 2013A Bonds will be used to finance the City Portion of the Empire Parking Garage. Proceeds of the Series 2013B Bonds will be used to finance the Privately Owned Portion of the Empire Parking Garage. Costs of the Empire Parking Garage Project in excess of the proceeds of the Series 2013 Bonds will be paid from Tax Increment funds on hand (\$3,600,000) and loans from the City's General Fund (\$3,200,000), including specifically the costs of design and construction of the retail space. Amounts received from Alley Cat and Zootist upon exercise of their respective options to purchase parking spaces and retail space will be used to repay the loans from the City's General Fund.

1.08. Authorization and Sale of Series 2013 Bonds; Official Statement. Pursuant to Resolution No. 13-19240 adopted January 28, 2013 (the "Parameters Resolution"), this Council determined that it is in the best interests of the City to issue its Series 2013 Bonds, as authorized by Section 7-15-4301(1)(a) of the Act and this Resolution, in order to finance a portion of the costs of the Empire Parking Garage Project, fund a deposit to the Reserve Account and pay costs of issuance of the Series 2013 Bonds. Pursuant to the Parameters Resolution, this Council authorized the negotiated sale of the Series 2013 Bonds to D.A. Davidson & Co., of Great Falls, Montana (the "Original Purchaser") and authorized the Mayor, City Administrator, Deputy City Administrator and City Finance Director to enter into a Bond Purchase Agreement with the Original Purchaser (the "Bond Purchase Agreement"). Pursuant to the Bond Purchase Agreement, dated as of March 14, 2013, the Original Purchaser agreed to purchase (a) the Series 2013A Bonds at the aggregate purchase price of \$7,841,667.95 (representing the par amount of the Series 2013A Bonds, less Underwriter's compensation of \$102,505.00 plus a net reoffering premium of \$59,172.95) and (b) the Series 2013B Bonds at the aggregate purchase price of \$5,253,025.60 (representing the par amount of the Series 2013B Bonds, less Underwriter's compensation of \$69,225.00 and less an original issue discount of \$2,749.40), in each case, subject to the terms and conditions of the Bond Purchase Agreement and this Resolution. The net interest cost of the Series 2013A Bonds is 4.9672680% and the net interest cost of the Series 2013B Bonds is 5.8386595%. The sale of the Bonds to the Original Purchaser is hereby ratified and confirmed.

1.09. Estimate of Tax Increment. Based on Tax Increment of \$1,591,890 received in Fiscal Year 2012/2013 and projected Tax Increment of \$1,977,281 to be received in Fiscal Year 2013/2014, the City estimates that the Tax Increment will be at least \$1,977,281 per year. The maximum Principal and Interest Requirements on the Series 2013 Bonds is \$969,000. There are no other bonds or other obligations of the City payable from Tax Increment, other than the Zootist Subordinate Obligation.

1.10. Findings and Determinations. It is hereby found, determined and declared by this Commission as follows:

(a) the findings and determinations made by this Council in the Ordinance are hereby ratified and confirmed;

(b) the conditions precedent to the issuance of the Series 2013 Bonds under the Act, the Ordinance and this Resolution have been or shall be met prior to the issuance of the Series 2013 Bonds;

(c) the estimated Tax Increment to be received by the City, as set forth in Section 1.09, and pledged to the payment of the Series 2013 Bonds will be sufficient to pay the Principal and Interest Requirements thereon when due; and

(d) it is in the best interests of the City to issue and sell the Series 2013 Bonds to provide funds to pay a portion of the costs of the Empire Parking Garage Project as provided in this Resolution.

Section 2. The Bonds.

2.01. General Title. The general title of the Bonds of all series shall be “Tax Increment Urban Renewal Revenue Bonds (Expanded North 27th Street Urban Renewal Area),” with appropriate additions for refunding or Subordinate Obligations and to distinguish Bonds of each series from Bonds of other series.

2.02. General Limitations; Issuable in Series. The aggregate principal amount of Bonds that may be authenticated and delivered and Outstanding under this Resolution is not limited, except as provided in Section 4 and except as may be limited by law.

The Bonds may be issued in series as from time to time authorized by the City.

The Bonds are special, limited obligations of the City. The Bonds are not general obligations of the City and neither the general credit nor the taxing power of the City, the County or the State is pledged to the payment of the Bonds or the interest thereon. Principal of, premium, if any, and interest on the Bonds (except to the extent expressly payable out of proceeds of the Bonds) are payable solely from the Tax Increment or other sources which may be pledged to the payment of any series of Bonds. The County and the State shall in no event be liable for the payment of the principal of, premium, if any, or interest on the Bonds or the performance of any pledge of any kind whatsoever that may be undertaken by the City with respect thereto. Neither the Bonds nor any of the agreements or obligations of the City contained herein or therein shall be construed to constitute an indebtedness of the City, the County or the State within the meaning of any constitutional or statutory provisions whatsoever.

If any Stated Maturity, Redemption Date or Sinking Fund Payment Date shall be on a day which is not a Business Day, then payment of principal of, premium, if any, or interest due on such day may be made on the next succeeding Business Day, with the same force and effect as if made on such Stated Maturity, Redemption Date or Sinking Fund Payment Date (whether or not such next succeeding Business Day occurs in a succeeding month), and no interest shall accrue for the intervening period.

2.03. Terms of a Particular Series. Each series of Bonds (except the Series 2013 Bonds, which are created by Section 3) shall be created by a Supplemental Resolution and pursuant to Section 4. The City may, at the time of the creation of any series of Bonds or at any time thereafter make, and the Bonds of that series may also contain, provision for a sinking, amortization, improvement or other analogous fund. All Bonds of the same series shall be substantially identical except as to denomination and the differences specified herein or in a Supplemental Resolution between interest rates, Stated Maturities and redemption provisions.

2.04. Form and Denominations. The form of the Bonds (other than the Series 2013 Bonds, as to which specific provision is made in Section 3) shall be established by the Supplemental Resolution creating such series.

The Bonds of any series shall be issuable as fully registered Bonds, in such denominations as shall be provided in the Supplemental Resolution creating such series (other than the Series 2013 Bonds, as to which specific provision is made in Section 3). In the absence of any such provision with respect to the Bonds of any particular series, Bonds shall be in the denomination of \$5,000 or any integral multiple thereof, of single Stated Maturities.

2.05. Execution and Delivery. Each Bond shall be executed on behalf of the City by the officials of the City specified in a Supplemental Resolution (other than the Series 2013 Bonds, as to which specific provision is made in Section 3). The signature of any official may be facsimile, if permitted by applicable law. Bonds bearing the manual or facsimile signatures of individuals who were at any time the proper officials of the City shall bind the City, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the delivery of such Bonds or did not hold such offices at the date of such Bonds.

At any time and from time to time, the City may deliver Bonds executed by the proper officers of the City to the Registrar for authentication, and the Registrar shall authenticate and deliver such Bonds as specified in a Supplemental Resolution (other than the Series 2013 Bonds, as to which specific provision is made in Section 3).

Section 3. Bond Terms, Execution and Delivery.

3.01. Term of Series 2013 Bonds.

(a) The Series 2013A Bonds shall be designated “Tax Increment Urban Renewal Revenue Bonds (Expanded North 27th Street Urban Renewal Area) (Tax-Exempt) Series 2013A.” The Series 2013A Bonds shall be in the denomination of \$5,000 each or any integral multiple thereof of single maturities. The Series 2013A Bonds shall mature on July 1 in the years and amounts listed below, and the Series 2013A Bonds maturing in such years and amounts shall bear interest from date of original issue until paid or duly called for redemption at the rates shown opposite such years and amounts, as follows:

		Interest
<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2029*	\$1,030,000	4.375%
2033*	2,685,000	5.000
2038*	4,170,000	5.000

*Term Bond subject to mandatory sinking fund redemption as set forth in Section 3.07(a) below.

Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

(b) The Series 2013B Bonds shall be designated “Tax Increment Urban Renewal Revenue Bonds (Expanded North 27th Street Urban Renewal Area) Series 2013B.” The Series 2013B Bonds shall be in the denomination of \$5,000 each or any integral multiple thereof of single maturities. The Series 2013B Bonds shall mature on July 1 in the years and amounts listed below, and the Series 2013B Bonds maturing in such years and amounts shall bear interest from date of original issue until paid or duly called for redemption at the rates shown opposite such years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
2014	\$ 140,000	2.500%
2015	295,000	2.800
2016	305,000	3.100
2017	315,000	3.550
2018	325,000	4.080
2019	340,000	4.600
2020	355,000	4.900
2021	370,000	5.250
2022	390,000	5.450
2023	415,000	5.550
2026*	1,165,000	6.125
2028*	910,000	6.550

*Term Bond subject to mandatory sinking fund redemption as set forth in Section 3.07(b) below.

Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

3.02. Registered Form, Interest Payment Dates. The Series 2013 Bonds shall be issuable only in fully registered form, and the ownership of the Series 2013 Bonds shall be transferred only upon the Bond Register of the City hereinafter described. The interest on the Series 2013 Bonds shall be payable on January 1 and July 1 in each year, commencing January 1, 2014. Interest on the Series 2013 Bonds shall be payable to the Owners thereof as of the close of business on the 15th day of the month immediately preceding each Interest Payment Date, whether or not such day is a Business Day. Interest on, and upon presentation and surrender thereof, the principal of each Series 2013 Bond shall be payable by check or draft issued by the Registrar described herein.

3.03. Dated Date. Each Series 2013 Bond shall be originally dated as of April 1, 2013, and upon authentication of any Series 2013 Bond the Registrar shall indicate thereon the date of such authentication.

3.04. Registration. The City shall appoint, and shall maintain, a bond registrar, transfer agent and paying agent (the “Registrar”). The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(a) Bond Register. The Registrar shall keep at its principal office a Bond Register in which the Registrar shall provide for the registration of ownership of Series 2013 Bonds and the registration of transfers and exchanges of Series 2013 Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Series 2013 Bonds. Upon surrender to the Registrar for transfer of any Series 2013 Bond duly endorsed by the Owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the Owner thereof or by an attorney duly authorized by the Owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Series 2013 Bonds of the same series of a like aggregate principal amount and maturity, as the case may be, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer of any Series 2013 Bond or portion thereof selected or called for redemption.

(c) Exchange of Bonds. Whenever any Series 2013 Bond is surrendered by the Owner for exchange, the Registrar shall authenticate and deliver one or more new Series 2013 Bonds of the same series of a like aggregate principal amount, interest rate and maturity, as requested by the Owner or the Owner's attorney in writing.

(d) Cancellation. All Series 2013 Bonds surrendered upon any transfer or exchange shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When any Series 2013 Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Series 2013 Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name any Series 2013 Bond is at any time registered in the Bond Register as the absolute owner of such Series 2013 Bond, whether such Series 2013 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Series 2013 Bond and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the City upon such Series 2013 Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Series 2013 Bonds (except for an exchange upon the partial redemption of a Series 2013 Bond), the Registrar may impose a charge upon the Owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Series 2013 Bond shall become mutilated or be lost, stolen or destroyed, the Registrar shall deliver a new Series 2013 Bond of the same series of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Series 2013 Bond or in lieu of and in substitution for any such Series 2013 Bond lost, stolen or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Series 2013 Bond lost, stolen or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Series 2013 Bond was lost, stolen or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. All Series 2013 Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the City. If the mutilated, lost, stolen or destroyed Series 2013 Bond has already matured or such Series 2013 Bond has been called for redemption in accordance with its terms, it shall not be necessary to issue a new Series 2013 Bond prior to payment.

3.05. Appointment of Initial Registrar. The City hereby appoints U.S. Bank National Association, in Seattle, Washington, to act as bond registrar, transfer agent and paying agent (the “Registrar”). The City reserves the right to appoint a successor bond registrar, transfer agent or paying agent, as authorized by the Model Public Obligations Registration Act of Montana, Montana Code Annotated, Title 17, Chapter 5, Part 11, as amended (the “Registration Act”), but the City agrees to pay the reasonable and customary charges of the Registrar for the services performed.

3.06. Optional Redemption.

(a) The Series 2013 Bonds with Stated Maturities on or after July 1, 2023 are subject to redemption on January 1, 2023 and any date thereafter, at the option of the City, in whole or in part, and if in part from such Stated Maturities and in such principal amounts as the City may designate in writing to the Registrar (or, if no designation is made, in inverse order of maturities and within a maturity 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 and interest accrued to the Redemption Date, without premium.

(b) The Redemption Date and the principal amount of the Series 2013 Bonds to be redeemed shall be fixed by the City Finance Director who shall give notice thereof to the Registrar at least 35 days prior to the Redemption Date or such lesser period as the Registrar accepts. The Registrar, at least 30 days prior to the designated Redemption Date, shall cause notice of redemption to be mailed, by first class mail, or by other means required by the securities depository, to the Owners of each Series 2013 Bond to be redeemed at their addresses as they appear on the Bond Register, but no defect in or failure to give such mailed notice shall affect the validity of proceedings for the redemption of any Series 2013 Bond not affected by such defect or failure. The notice of redemption shall specify the Redemption Date, Redemption Price, the numbers, interest rates and CUSIP numbers of the Series 2013 Bonds to be redeemed and the place at

which the Series 2013 Bonds are to be surrendered for payment, which is the principal office of the Registrar. Official notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions thereof so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date (unless the City shall default in the payment of the Redemption Price) such Series 2013 Bonds or portions thereof shall cease to bear interest.

3.07. Mandatory Sinking Fund Redemption. The Series 2013A Bonds having Stated Maturities in 2029, 2033 and 2038 and the Series 2013B Bonds having Stated Maturities in 2026 and 2028 are subject to mandatory sinking fund redemption as set forth in this Section 3.07.

(a) The Series 2013A Bonds having Stated Maturities in 2029, 2033 and 2038 are subject to mandatory sinking fund redemption on July 1 in the respective years and the respective principal amounts 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:

Sinking Fund Payment Date <u>(July 1)</u>	Principal Amount on Sinking Fund <u>Payment Date</u>
2024	\$ 80,000
2025	80,000
2026	85,000
2027	90,000
2028	95,000
2029*	600,000
2030	\$625,000
2031	655,000
2032	685,000
2033*	720,000
2034	\$755,000
2035	795,000
2036	830,000
2037	875,000
2038*	915,000
	\$4,170,000.00

*Final maturity.

The principal amounts of the Series 2013A Bonds having Stated Maturities in 2029, 2033 and 2038 required to be redeemed on the above Sinking Fund Payment Dates shall be reduced by the principal amount of any such Series 2013A Bonds theretofore redeemed at the option of the City and not previously applied to reduce the principal amount of such Series 2013A Bonds on a Sinking Fund Payment Date.

If the Series 2013A Bonds having Stated Maturities in 2029, 2033 and 2038 are not previously purchased by the City in the open market or prepaid, \$600,000, \$720,000 and \$915,000, respectively, in principal amount of such Series 2013A Bonds would remain to mature in 2029, 2033 and 2038. The principal amount of the Series 2013A Bonds required to be redeemed on the above Sinking Fund Payment Dates shall be reduced by the principal amount of such Series 2013A Bonds theretofore redeemed at the option of this Council and as to which the City has not previously applied amounts to reduce the principal amount of such Series 2013A Bonds on a Sinking Fund Payment Date.

(b) The Series 2013B Bonds having Stated Maturities in 2026 and 2028 are subject to mandatory sinking fund redemption on July 1 in the respective years and the respective principal amounts 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:

Sinking Fund Payment Date <u>(July 1)</u>	Principal Amount on Sinking Fund <u>Payment Date</u>
2024	\$365,000
2025	390,000
2026*	410,000
2027	\$440,000
2028*	470,000

*Final maturity.

The principal amounts of the Series 2013B Bonds having Stated Maturities in 2026 and 2028 required to be redeemed on the above Sinking Fund Payment Dates shall be reduced by the principal amount of any such Series 2013B Bonds theretofore redeemed at the option of the City and not previously applied to reduce the principal amount of such Series 2013B Bonds on a Sinking Fund Payment Date.

If the Series 2013B Bonds having Stated Maturities in 2026 and 2028 are not previously purchased by the City in the open market or prepaid, \$410,000 and \$470,000, respectively, in principal amount of such Series 2013B Bonds would remain to mature in 2026 and 2028. The principal amount of the Series 2013B Bonds required to be redeemed on the above Sinking Fund Payment Dates shall be reduced by the principal amount of such Series 2013B Bonds theretofore redeemed at the option of this Council and as to which the City has not previously applied amounts to reduce the principal amount of such Series 2013B Bonds on a Sinking Fund Payment Date.

3.08. Execution and Delivery. The Series 2013 Bonds shall be forthwith prepared for execution under the direction of the City Clerk and shall be executed on behalf of the City by the signatures of the Mayor, the City Finance Director (or Assistant City Finance Director) and the City Clerk, provided that said signatures may be printed, engraved or lithographed facsimiles

thereof. The seal of the City need not be imprinted on or affixed to any Series 2013 Bond. In case any officer whose signature or a facsimile of whose signature shall appear on the Series 2013 Bonds shall cease to be such officer before the delivery thereof, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. When the Series 2013 Bonds have been so executed by said City officers, they shall be registered by the City Finance Director in accordance with Montana Code Annotated, Section 7-7-4257, as amended. Notwithstanding such execution, no Series 2013 Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Series 2013 Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Series 2013 Bonds need not be signed by the same representative. The executed certificate of authentication on each Series 2013 Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Series 2013 Bonds have been fully executed and authenticated, they shall be delivered by the Registrar to the Original Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Original Purchaser shall not be obligated to see to the application of the purchase price.

3.09. Securities Depository for the Series 2013 Bonds.

(a) For purposes of this Section 3.09, the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Series 2013 Bond, the person in whose name such Series 2013 Bond is recorded as the beneficial owner of such Series 2013 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 2013 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 Series 2013 Bonds as securities depository.

“Representation Letter” shall mean the Blanket Issuer Letter of Representations pursuant to which the City agrees to comply with DTC’s Operational Arrangements.

(b) The Series 2013 Bonds of each series shall be initially issued as separately authenticated fully registered Series 2013 Bonds, and one Series 2013 Bond shall be issued in the principal amount of each stated maturity of each series of the Series 2013 Bonds. Upon initial issuance, the ownership of such Series 2013 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 2013 Bonds registered in its name for the purposes of payment of the principal

of or interest on the Series 2013 Bonds, selecting the Series 2013 Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to Owners of Series 2013 Bonds under this Resolution, registering the transfer of Series 2013 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 2013 Bonds under or through DTC or any Participant, or any other Person which is not shown on the Bond Register as being an Owner, 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 2013 Bonds, with respect to any notice which is permitted or required to be given to Owners 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 2013 Bonds, or with respect to any consent given or other action taken by DTC as Owner of the Series 2013 Bonds. So long as any Series 2013 Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Series 2013 Bond, and shall give all notices with respect to such Series 2013 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 2013 Bonds to the extent of the sum or sums so paid. No Person other than DTC shall receive an authenticated Series 2013 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 2013 Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the City determines to discontinue the book-entry-only system for one or both series of Series 2013 Bonds, the City may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Series 2013 Bonds of such series in the form of certificates. In such event, the Series 2013 Bonds of such series will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Series 2013 Bonds of one or both series 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 2013 Bonds of such series 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 Owners and Beneficial Owners and payments on the Series 2013 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 Series 2013 Bonds of a series is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Series 2013 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 Series 2013 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 2013 Bonds, or another securities depository as Owner of all the Series 2013 Bonds, the provisions of this Resolution shall also apply to all matters relating thereto, including, without limitation, the preparation of such Series 2013 Bonds in the form of Series 2013 Bond certificates and the method of payment of principal of and interest on such Series 2013 Bonds in the form of Series 2013 Bond certificates.

3.10. Form of Series 2013 Bonds. The Series 2013A Bonds shall be prepared in substantially the form set forth in Exhibit A hereto and the Series 2013B Bonds shall be prepared in substantially the form set forth in Exhibit B hereto, and by this reference are made a part hereof.

3.11. Application of Proceeds of Series 2013 Bonds. The City shall deposit the proceeds of the sale of the Series 2013 Bonds as follows:

- (a) The proceeds of the Series 2013A Bonds shall be deposited as follows:
 - (i) Deposit a sufficient amount to the Reserve Account as to cause the balance therein to equal the Reserve Requirement giving effect to the issuance of the Series 2013A Bonds; and
 - (ii) Deposit the balance of the proceeds of the Series 2013A Bonds in the Construction Account to be used to pay costs of the City Portion of the Empire Parking Garage and costs of issuance of the Series 2013A Bonds.
- (b) The proceeds of the Series 2013B Bonds shall be deposited as follows:
 - (i) Deposit a sufficient amount to the Reserve Account as to cause the balance therein to equal the Reserve Requirement giving effect to the issuance of the Series 2013B Bonds; and
 - (ii) Deposit the balance of the proceeds of the Series 2013B Bonds in the Construction Account to be used to pay costs of the Privately Owned Portion of the Empire Parking Garage and costs of issuance of the Series 2013B Bonds.

Section 4. Additional Bonds.

4.01. General Provisions. In addition to the Series 2013 Bonds, whose issuance and delivery is provided for in Section 3, Additional Bonds may at any time and from time to time be issued, sold and delivered by the City but only upon compliance with the conditions of Sections 6.02 and 6.03, whichever may be applicable, and upon filing with the City Clerk the following:

- (i) A Supplemental Resolution authorizing the issuance of such series of Additional Bonds and the sale thereof to the Original Purchaser or Purchasers named therein for the purchase price set forth therein.

(ii) A certificate executed by the Mayor and the City Finance Director stating that upon the issuance of such series of Additional Bonds, no default hereunder has occurred and is continuing which would not be cured upon the issuance of such series of Additional Bonds and application of the proceeds thereof.

(iii) An opinion of Bond Counsel (who may rely on factual representations of the City and which opinion may be qualified by customary qualifications and exceptions) stating that:

(A) all conditions precedent provided for in this Resolution relating to the issuance and delivery of such series of Additional Bonds have been complied with, including any conditions precedent specified in this Section 4.01; and

(B) the series of Additional Bonds when issued and delivered by the City will be valid and binding special, limited obligations of the City in accordance with their terms and entitled to the benefits of and secured by this Resolution.

Any Additional Bonds shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate, if any, permitted by law, shall have Stated Maturities, and may be subject to redemption at such times and prices and on such terms and conditions, all as may be provided by the Supplemental Resolution authorizing their issuance. All Additional Bonds issued pursuant to Sections 4.02 and 4.03 shall be payable and secured ratably and equally and on a parity with the Series 2013 Bonds and any Additional Bonds theretofore issued, entitled to the same benefits and security of this Resolution.

4.02. Additional Bonds To Pay the Cost of Projects. Additional Bonds may be issued under this Section 4.02, at one time or from time to time, subject to the conditions provided in Section 4.01 and this Section 4.02, for the purpose of providing funds, with any other funds available and committed therefor, for paying the cost of one or more Projects and any expenses in connection with such financing.

Before any Additional Bonds shall be issued under this Section 4.02, the City shall adopt a Supplemental Resolution authorizing the issuance of such series of Additional Bonds and fixing the amount and the details thereof, and describing in brief and general terms the Projects to be acquired, constructed, altered or improved and estimating the costs thereof.

In addition, prior to the execution and delivery of any series of Additional Bonds under this Section 4.02, there shall be filed with the City Clerk:

(i) A certificate executed by the Mayor and the City Finance Director stating: (A) the estimated cost of the Projects being financed thereby, including an allowance for contingencies and all fees, expenses and financing costs, (B) the amount, if any, which will be required to be deposited in the Reserve Account in connection with the issuance of the Additional Bonds, (C) the amount, if any, which will be required to be credited to the Bond Account to pay interest on the

Additional Bonds prior to collection of sufficient Tax Increment available therefor, (D) the amount of Tax Increment received by the City in the last completed Fiscal Year, (E) the amount of the maximum Principal and Interest Requirements on the Outstanding Bonds and the Additional Bonds proposed to be issued for any future Fiscal Year during the term of the Outstanding Bonds, and (F) that the principal amount of such Additional Bonds is sufficient to provide for the payment of all estimated costs of Projects to be financed thereby and credits to the Reserve Account and the Bond Account as set forth above; and

(ii) a certificate executed by the Mayor and the City Finance Director stating that:

(A) the Tax Increment received by the City in the last completed Fiscal Year was equal to at least 130% of the maximum Principal and Interest Requirements for any future calendar year (during the term of the Outstanding Bonds) with respect to Outstanding Bonds and the Additional Bonds proposed to be issued; and

(B) the Tax Increment received by the City in the last completed Fiscal Year, adjusted as provided in this Section 4.02(b)(ii), was, and the Tax Increment estimated to be received in the next succeeding three Fiscal Years, adjusted as provided in Section 4.02(c), is estimated to be, equal to at least 140% of the maximum Principal and Interest Requirements for any future calendar year (during the term of the Outstanding Bonds) with respect to the Outstanding Bonds and the Additional Bonds proposed to be issued. For this purpose, the Tax Increment received by the City in the last completed Fiscal Year may be adjusted by adding any increase in Tax Increment which would have resulted from applying the aggregate tax rates of the Taxing Bodies effective for the last completed Fiscal Year to the value, as determined by certification of the County Assessor, of any projects which have been completed in the District before the date of issuance of the Additional Bonds and the taxable values of which as so completed are not included in the actual taxable value (as defined in the Act) of the District;

(C) For purposes of the foregoing paragraph (B), in estimating the Tax Increment to be received in any future Fiscal Year, the Mayor and the City Finance Director shall assume that: (1) 90% of the Taxes levied in the District will be collected in any Fiscal Year; (2) no Taxes delinquent in a prior Fiscal Year will be collected in any subsequent Fiscal Year; and (3) there will be no increase in the Tax Increment to be received in any future Fiscal Year resulting from projected inflation in property values or projected increases in Taxes.

This Council shall approve and confirm the findings and estimates set forth in the above-described certificates in the Supplemental Resolution authorizing the issuance of the Additional Bonds.

4.03. Additional Bonds for Refunding Purposes. Additional Bonds may be issued under this Section 4.03, at one time or from time to time, subject to the conditions provided in Section 4.01 and this Section 4.03, for the purpose of providing funds, with any other funds available and committed therefor, for paying at, or redeeming prior to, their Stated Maturities any Outstanding Bonds, including the payment of any redemption premium thereon and interest which will accrue on such Bonds to any Redemption Date or the Stated Maturities thereof, and any expenses in connection with such financing. Such Additional Bonds shall be designated substantially as the Bonds to be refunded, with the addition of the term “Refunding”.

Before any Additional Bonds shall be issued under this Section 4.03, the City shall adopt a Supplemental Resolution authorizing the issuance of such series of Additional Bonds and fixing the amount and the details thereof, and authorizing the redemption of all of the Outstanding Bonds to be refunded.

In addition, prior to the execution and delivery of any series of Additional Bonds under this Section 4.03, there shall be filed with the City Clerk:

(i) such documents as shall be required to show that provisions have been duly made in accordance with this Resolution for the redemption of all of the Outstanding Bonds to be refunded;

(ii) a report of an Independent Accountant to the effect that (a) the proceeds (excluding accrued interest but including any premium) of the Additional Bonds plus any moneys to be withdrawn from the Bond Account for such purpose, together with any other funds deposited for such purpose, will be not less than an amount sufficient to pay the Redemption Price on the Outstanding Bonds to be refunded, or (b) from such proceeds there shall be deposited in trust, Defeasance Obligations which do not permit the redemption thereof at the option of the issuer, the principal of and the interest on which when due and payable (or redeemable at the option of the holder thereof) will provide, together with any other moneys which shall have been deposited in trust irrevocably for such purpose, but without reinvestment, sufficient moneys to pay such principal, redemption premium and interest; and

If Additional Bonds are issued to refund Subordinate Obligations issued pursuant to Section 4.04, the conditions for the issuance of Additional Bonds pursuant to Section 4.02 be satisfied in lieu of this Section 4.03.

4.04. Subordinate Obligations. Except as provided in Sections 4.01, 4.02 and 4.03, no bonds, notes or other evidence of indebtedness of the City will be issued under or secured by the provisions of this Resolution, and no bonds, notes or other evidence of indebtedness will be made payable from the Bond Account, unless the pledge and appropriation of Tax Increment for the payment and security of such bonds, notes or other evidence of indebtedness is expressly subordinated to the pledge and appropriation made for the benefit and security of the Series 2013 Bonds and all Additional Bonds issued and to be issued under and secured by this Resolution in accordance with Sections 4.01, 4.02 and 4.03. In the event of the issuance of any such Subordinate Obligations, the principal, interest and redemption premiums thereon will be made

payable from one or more additional accounts created within the Tax Increment Funds for that purpose, and the balance of funds at any time on hand in any such accounts shall be available and shall be transferred whenever needed to meet the current requirements of the Bond Account and Reserve Account set forth in Sections 5.04 and 5.05.

Section 5. The Tax Increment Funds.

5.01. Bond Proceeds and Tax Increment Pledged and Appropriated. The City hereby establishes on its books and records three funds designated as the Tax Increment Capital Project Fund, the Tax Increment Debt Service Fund and the Tax Increment Development Fund (collectively, the “Tax Increment Funds”). The Tax Increment Funds shall be maintained as separate and special bookkeeping accounts on the official books and records of the City until all Bonds have been fully paid, or the City’s obligation with reference to all Bonds has been discharged as provided in this Resolution.

All proceeds of Bonds and all other funds hereafter received or appropriated for purposes of the Projects are appropriated to the Tax Increment Funds. All Tax Increment is irrevocably pledged and appropriated and shall be credited as received to the Tax Increment Debt Service Fund. Outstanding Bonds shall be secured by a first pledge of and lien on all of the Tax Increment and all other moneys from time to time in the Tax Increment Funds in the manner and to the extent provided in this Section 5. The City shall not issue any obligation or security superior to or on a parity with the Series 2013 Bonds, payable or secured, in whole or in part, from or by the Tax Increment other than Additional Bonds issued pursuant to Sections 4.01, 4.02 or 4.03, until all of the Bonds have been paid or discharged as provided herein. The Tax Increment Funds shall be subdivided into separate accounts as designated and described in Sections 5.03 to 5.06.

5.02. Tax Increment Receipts. All Tax Increment received by the City and credited to the Tax Increment Debt Service Fund, as required in Section 5.01, shall be credited as received as follows: (a) first, to the Interest Account, until the balance on hand in the Interest Account is at least equal to all interest on Bonds due and payable from the Interest Account within the next six full calendar months; (b) second, after any credit to the Interest Account required by the preceding clause, to the Sinking Fund Account, until the balance on hand in the Sinking Fund Account is at least equal to all principal of and premium, if any, on Bonds due and payable from the Sinking Fund Account (including amounts due and payable on a Sinking Fund Payment Date) within the next twelve full calendar months; (c) third, after any credit to the Interest Account or the Sinking Fund Account required by the preceding clauses, to the Reserve Account until the balance on hand in the Reserve Account is equal to the Reserve Requirement; and (d) fourth, after any credit to the Interest Account, the Sinking Fund Account or the Reserve Account required by the preceding clauses, to the Tax Increment Development Fund.

5.03. Construction Account. For each Project there shall be a separate Construction Account within the Tax Increment Capital Project Fund, to be used only to pay allowed costs as incurred, which under accepted accounting principles are costs of the particular Project, including but not limited to payments due for work and materials performed and delivered under construction contracts, architectural, engineering, inspection, supervision, fiscal and legal expenses, the cost of lands and easements, interest accruing on Bonds during the period of

construction of a Project financed thereby and for a period of time thereafter authorized by the Act and deemed necessary by this Council, if and to the extent that the Interest Account is not sufficient for payment of such interest, reimbursement of any loans or advances made from other City funds, and all other expenses incurred in connection with the acquisition, construction and financing of the Project. To the Construction Account shall be credited as received all proceeds of Bonds issued to finance such Project, except amounts otherwise appropriated in Section 3.11 or in a Supplemental Resolution or received from Additional Bonds issued to refund Outstanding Bonds pursuant to Section 4.03 and all other funds appropriated by the City for the Project, and all income received from the investment of the Construction Account. Upon completion of any Project and payment of the cost thereof, the City may transfer any money then remaining in the Construction Account for that Project to the Interest Account.

5.04. Bond Account. The Bond Account is hereby established as a special account within the Tax Increment Debt Service Fund. There are hereby established within the Bond Account two separate subaccounts, designated as the Interest Account and the Sinking Fund Account.

(a) Interest Account. There shall be credited to the Interest Account the following amounts: (i) any amount specified in any Supplemental Resolution to be credited to the Interest Account; and (ii) from the Tax Increment as received by the City, the amount specified in clause (a) of Section 5.02.

On or before each Interest Payment Date, the City shall withdraw from the Interest Account an amount sufficient to pay the interest coming due on the Bonds on such Interest Payment Date, and shall use such amount to pay, or make provision with the Registrar for the payment of, interest on the Bonds on such Interest Payment Date.

If on any Interest Payment Date the balance in the Interest Account is not sufficient to pay the total amount of interest due on such Interest Payment Date, the City shall transfer any money then on hand in the Tax Increment Development Fund, the Construction Account, the Reserve Account or the Sinking Fund Account, in the order listed and in an amount equal to such deficiency, to the Interest Account.

All income derived from the investment of amounts in the Interest Account shall be credited as received to the Interest Account.

(b) Sinking Fund Account. There shall be credited to the Sinking Fund Account the following amounts: (i) any amount specified in a Supplemental Resolution to be credited to the Sinking Fund Account; and (ii) from the Tax Increment as received by the City, the amount specified in clause (b) of Section 5.02.

Amounts on hand in the Sinking Fund Account shall be used on any Interest Payment Date to make up a deficiency in the Interest Account, if and to the extent required by the third subparagraph of paragraph (a) of this Section 5.04.

On or before each Principal Payment Date, the City shall withdraw from the Sinking Fund Account an amount sufficient to pay the principal due on the Bonds on

such Principal Payment Date, and shall use such amount to pay, or make provision with the Registrar for the payment of, principal of the Bonds on such Principal Payment Date.

If on any Principal Payment Date the balance in the Sinking Fund Account is not sufficient to pay the total amount of principal due on such Principal Payment Date, the City shall transfer any money then on hand in the Tax Increment Development Fund or the Reserve Account, in the order listed and in an amount equal to such deficiency, to the Sinking Fund Account.

All income derived from the investment of amounts in the Sinking Fund Account shall be credited as received to the Sinking Fund Account.

5.05. Reserve Account. The Reserve Account is hereby established as a special account within the Tax Increment Debt Service Fund. There shall be credited to the Reserve Account the following amounts: (i) \$969,000 from proceeds of the Series 2013 Bonds, as provided in Section 3.11; (ii) any amount specified in any Supplemental Resolution to be credited to the Reserve Account; (iii) from the Tax Increment as received by the City, the amount specified in clause (c) of Section 5.02; and (iv) any other amounts appropriated from time to time to the Reserve Account.

If on any Interest Payment Date or on any Principal Payment Date there shall exist, after the transfers thereto of any money then on hand in the Tax Increment Development Fund and the Construction Account, as applicable, a deficiency in the Interest Account or Sinking Fund Account, the City shall transfer from the Reserve Account to such account an amount equal to such deficiency.

All income derived from the investment of amounts in the Reserve Account shall be credited as received to the Reserve Account until such time as the balance in the Reserve Account is equal to the Reserve Requirement, and thereafter all such investment income as received shall be transferred to the Sinking Fund Account.

Money in the Reserve Account shall be used only to pay when due principal of, premium, if any, and interest on Outstanding Bonds when the balance on hand in the Bond Account is insufficient therefor; provided that on any date when the balance then on hand in the Bond Account allocable to a series of Bonds, plus the balance then on hand in the Reserve Account allocable to the series of Bonds, is sufficient with other money available to pay or discharge all Outstanding Bonds of that series and the interest accrued thereon in full, and the balance thereafter on hand in the Reserve Account will be at least equal to the Reserve Requirement for all Outstanding Bonds not to be discharged, it may be used for that purpose.

If at any time the balance in the Reserve Account exceeds the Reserve Requirement, the City shall transfer such excess to the Sinking Fund Account.

5.06. Tax Increment Development Fund. There shall be credited to the Tax Increment Development Fund any and all Tax Increment remaining after the required credits to the Bond Account and Reserve Account and any investment income and other moneys in any of the accounts within the Tax Increment Funds in excess of the requirements of said accounts and which the City determines in its discretion to transfer to the Tax Increment Development Fund.

Money from time to time on hand in the Tax Increment Development Fund shall be transferred to the Bond Account and Reserve Account as provided by Sections 5.04 and 5.05 and may be used for any of the following purposes and not otherwise:

- (a) to be transferred to the Construction Account to pay costs authorized to be paid therefrom;
- (b) to pay administrative costs of the City and the District and costs incurred in connection with urban renewal projects (as defined in the Act) within the District as authorized by the Act (including any loans or advances therefor made from other City funds);
- (c) to pay, redeem, discharge or otherwise secure Subordinate Obligations (including the Zootist Subordinate Obligation) in accordance with the provisions of this Resolution or any Supplemental Resolution;
- (d) to purchase Bonds on the open market;
- (e) to redeem or discharge Bonds prior to their Stated Maturities in accordance with this Resolution or any Supplemental Resolution;
- (f) to make payments of arbitrage rebate to the United States of America pursuant to Section 148(f) of the Code in respect of any series of Bonds; and
- (g) to pay other Taxing Bodies a portion of the annual Tax Increment received by the City, pursuant to an agreement with respect thereto as authorized by the Act; provided, however, no such agreement shall require or permit the City to remit to any other Taxing Bodies any portion of the annual Tax Increment received in a Fiscal Year and on deposit in the Tax Increment Development Fund unless (1) the balance in the Reserve Account as of the date of the remittance is not less than the Reserve Requirement; and (2) there is no default under the provisions of this Resolution as evidenced by a certificate of the City Finance Director filed with the City Clerk as of the date of remittance.

5.07. Investments. The City Finance Director shall cause all moneys from time to time in the Tax Increment Funds to be deposited as received with one or more depository banks duly qualified in accordance with the provisions of Montana Code Annotated, Section 7-6-201, as amended, and shall cause the balances in such accounts, except any part thereof covered by federal deposit insurance, to be secured by the pledge of bonds or securities of the kinds required by law, and no money shall at any time be withdrawn from such deposit accounts except for the purposes of the Tax Increment Funds as defined and authorized by this Resolution. The funds to the credit of the several accounts within the Tax Increment Funds may be commingled in one or more deposit accounts. The balance on hand in any of the accounts of the Tax Increment Funds may at any time be invested and reinvested in Qualified Investments as provided below, maturing and bearing interest payable at the times and in the amounts estimated to be required to provide cash when needed for the purposes of the respective accounts; provided that the Reserve Account and Tax Increment Development Fund shall be invested in Qualified Investments maturing not later than five years from the date of investment. Income from the investment of

the moneys in the various accounts shall be credited thereto. Subject to the provisions of law now or hereafter controlling investment of such funds, money on hand in any of the accounts of the Tax Increment Funds may be invested in any of the following Qualified Investments, but no others:

- (a) direct obligations of or obligations guaranteed by the United States of America;
- (b) bank time deposits or certificates of deposit secured by obligations and securities described in clause (a) above; and
- (c) the short-term investment pool administered by the Board of Investments of the State of Montana or any successor investment pool created pursuant to Montana law.

Section 6. Continuing Disclosure.

(a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), the City hereby makes the following covenants and agrees, for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds, to provide annual reports of specified information and notice of the occurrence of certain events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system website (“EMMA”), as hereinafter described (the “Disclosure Covenants”). The City is the only “obligated person” in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made.

If the City fails to comply with the Disclosure Covenants, any person aggrieved thereby, including 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 the Disclosure Covenants, 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 in the Disclosure Covenants, in no event shall a default under this Section 6 constitute a default under the Bonds or under any other provision of this Resolution.

As used in this Section 6, “Owner” means, in respect of a 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 in this Section 6, “Beneficial Owner” means, in respect of a Bond, any person or entity that (i) 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 Bonds through

nominees, depositories or other intermediaries), or (ii) 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:

(i) on or before 365 days after the end of each fiscal year of the City, commencing with the fiscal year ending June 30, 2013, the following financial information and operating data in respect of the City (the “Disclosure Information”):

(A) the audited financial statements of the City 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, a statement of operations, changes in fund balances and cash flows for the fiscal year then ended, and information similar to that presented in the table in the Official Statement under “District Financial Statements” 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 City Finance Director; and

(B) To the extent not included in the financial statements referred to in paragraphs (A) above, the information of the type set forth below:

(1) the value of property in the District in a format similar to the table in the Official Statement under “Value of Property and Tax Increment of the District;”

(2) Tax Increment available for debt service and debt service coverage in a format similar to that shown in the Official Statement under “District Financial Statements” and “Estimated Revenue to Pay Debt Service, Debt Service Requirements, and Coverage—Revenue Available and Debt Service Coverage;”

(3) a description of any additional borrowing or future financing of the City payable from Tax Increment;

(4) mill levy rates for the then current fiscal year in format similar to that shown in the Official Statement under “Mill Levies in the District;” and

(5) a list of the major taxpayers in the District for the then current fiscal year in a format similar to the table in the Official Statement under “Top Ten Taxpayers in the District.”

Notwithstanding anything in this Section 6, 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 ten days after the receipt thereof, the City shall provide the audited financial statements.

Any or all of the Disclosure Information may be incorporated, if it is updated as required hereby, by reference from other documents, including official statements, which have been submitted to the MSRB in the manner set forth in subsection (c) hereof. The City shall clearly identify in the Disclosure Information in each document so incorporated by reference.

If any part of the Disclosure Information can no longer be generated because the operations of the City 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 material (as hereinafter defined), 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 the Disclosure Covenants are amended, then the City shall include in the next Disclosure Information to be delivered pursuant to this Section 6, 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 not in excess of ten business days, notice of the occurrence of any of the following events:

- (A) principal and interest payment delinquencies;
- (B) non-payment related defaults, if material;
- (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or

- determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (G) modifications to rights of holders of the Bonds, if material;
- (H) bond calls, if material, and tender offers;
- (I) defeasances;
- (J) release, substitution or sale of property securing repayment of the Bonds, if material;
- (K) rating changes;
- (L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
- (M) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) appointment of a successor or additional trustee or the change of name of a trustee, if material.

An event is “material” if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed in this Resolution or information generally available to the public. Notwithstanding the foregoing sentence, an event is also “material” if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

(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 described above under “—Annual Information” at the time specified thereunder;
- (B) the amendment or supplementing of the Disclosure Covenants, together with a copy of such amendment or supplement and any explanation provided by the City;
- (C) the termination of the obligations of the City under the Disclosure Covenants; and
- (D) 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) hereof to the MSRB via EMMA or in a manner as may be

otherwise proscribed by the MSRB consistent with the Rule. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(d) Term; Amendments; Interpretation.

(i) The Disclosure Covenants shall remain in effect so long as any Bonds are outstanding.

(ii) The Disclosure Covenants (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 Bonds, by a resolution of this Council filed in the office of the recording officer 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 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 City or the type of operations conducted by the City, or (B) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule, assuming that such provisions apply to the Bonds.

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.

(iii) The Disclosure Covenants are entered into to comply with the continuing disclosure provisions of the Rule and should be construed so the undertaking would satisfy the requirements of paragraph (b)(5) of the Rule.

Section 7. Tax Covenants and Certifications.

7.01. Use of City Owned Portion of Empire Parking Garage. The City Owned Portion of the Empire Parking Garage is and will be owned and operated by the City and used by the City to provide parking to members of the general public. No user of the City Owned Portion of the Empire Parking Garage is granted any concession, license or special arrangement with respect thereto. The City shall not enter into any lease, use or other agreement with any nongovernmental person relating to the use of the City Owned Portion of the Empire Parking Garage Project or security for the payment of the Series 2013A Bonds which might cause the Series 2013A Bonds to be considered “private activity bonds” or “private loan bonds” within the meaning of Section 141 the Code.

7.02. General Covenant. The City covenants and agrees with the Owners from time to time of the Series 2013A 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 2013A Bonds to become includable in gross income for federal income tax purposes under the Code and applicable Treasury Regulations (the “Regulations”), and covenants to take any and all actions

within its powers to ensure that the interest on the Series 2013A Bonds will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

7.03. Arbitrage Certification. The Mayor, the City Finance Director (or Assistant City Finance Director) and the City Clerk being the officers of the City charged with the responsibility for issuing the Series 2013A Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Original Purchaser 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 2013A Bonds, it is reasonably expected that the proceeds of the Series 2013A Bonds will not be used in a manner that would cause the Series 2013A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and the Regulations.

7.04. Arbitrage Rebate. The City acknowledges that the Series 2013A 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 2013A Bonds from gross income for federal income tax purposes, unless the Series 2013A 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 2013A 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 Mayor, the City Finance Director (or Assistant City Finance Director) and the City Clerk are hereby authorized and directed to execute a Rebate Certificate, substantially in the form to be 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.

7.05. Information Reporting. The City shall file with the Secretary of the Treasury, not later than August 15, 2013, a statement concerning the Series 2013A Bonds containing the information required by Section 149(e) of the Code.

Section 8. Other Covenants of City.

8.01. Punctual Payment. Subject to Section 2.02, the City will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on the Bonds in accordance with the terms of this Resolution and any applicable Supplemental Resolution and of the Bonds, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Resolution and all Supplemental Resolutions and of the Bonds. Nothing herein contained shall prevent the City from making advances of its own moneys however derived to any of the uses or purposes referred to herein, nor shall be deemed or constitute a pledge or appropriation of funds or assets of the City other than those expressly pledged or appropriated hereby. The City further covenants that it will promptly deposit or cause to be deposited all Tax Increment it receives into the Tax Increment Debt Service Fund, as set forth in Section 5.02.

8.02. Accumulation of Claims of Interest. In order to prevent any accumulation of claims for interest after maturity, the City will not, directly or indirectly, extend or consent to the

extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Resolution, except subject to the prior payment in full of the principal of all of the Bonds then outstanding and of all claims for interest which shall not have been so extended or funded.

8.03. Against Encumbrances. The City will not encumber, pledge or place any charge or lien upon any of the Tax Increment superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds.

8.04. Management and Operation of Properties. The City will manage and operate or cause to be managed and operated all Projects owned by the City in a sound and businesslike manner, and will keep all Projects owned by the City insured at all times in conformity with sound business practice.

8.05. Books and Accounts; Financial Statements. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Tax Increment and the Tax Increment Debt Service Fund and the Tax Increment Development Fund. Such books of record and accounts shall be at all times during business hours subject to the inspection of the Owners of not less than ten percent (10%) of the principal amount of Outstanding Bonds, or their representatives authorized in writing.

8.06. Completion of Projects. The City will commence, and will continue to completion, with all practicable dispatch all Projects undertaken in the District in conformity with the Ordinance and the Act.

8.07. Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Resolution.

8.08. Amendment of Ordinance. Except to authorize additional Projects, the City will not amend or modify the Ordinance or reduce the size of the District if an effect thereof will be to materially and adversely affect the security of the Outstanding Bonds.

8.09. Adjustment of Base Taxable Value. The City shall not adjust the "base taxable value" of the District pursuant to Section 7-15-4287 of the Act so long as any Bonds are Outstanding.

8.10. Federal Tax Exemption. The City will not use the proceeds of any Bonds or use or permit the use of any Project financed from the proceeds of the Bonds or revenues derived therefrom in such a way as to cause any exemption from federal income taxation of interest on any Bonds to become adversely affected.

8.11. Pledge of Replacement Revenues. In the event the Constitution or laws of the State are amended to abolish or substantially reduce or eliminate real or personal property taxation and State law then or thereafter provides to the City an alternate or supplemental source or sources of revenue specifically to replace or supplement reduced or eliminated Tax Increment, then the City pledges, and covenants to appropriate annually, subject to the limitations of then applicable law, to the Bond Account from such alternate or supplemental revenues an amount that will, with money on hand in the Bond Account or available and to be transferred to the Bond Account during such Fiscal Year, be sufficient to pay the principal of, premium, if any, and interest on the Outstanding Bonds payable in that Fiscal Year.

8.12. Owners' Rights. No Owner of any Bond issued and secured under the provisions of this Resolution shall have the right to institute any proceeding, judicial or otherwise, for the enforcement of the covenants herein contained, without the written concurrence of the Owners of not less than 25% in aggregate principal amount of all Bonds which are at the time Outstanding; but the Owners of this amount of such Bonds may, either at law or in equity, by suit, action or other proceedings, protect and enforce the rights of all Owners of such Bonds and compel the performance of any and all of the covenants required herein to be performed by the City and its officers and employees. The Owner of a majority in principal amount of such Outstanding Bonds shall have the right to direct the time, method and place of conducting any proceedings for any remedy available to the Owners or the exercise of any power conferred on them, and the right to waive a default in the performance of any such covenant, and its consequences, except a default in the payment of the principal of or interest on any Bond when due. However, nothing herein shall impair the absolute and unconditional right of the Owner of each Bond to receive payment of the principal of and interest on such Bond as such principal and interest respectively become due, and to institute suit for the enforcement of any such payment. In the event of default in any such payment, any court having jurisdiction of the action may appoint a receiver to administer the Tax Increment Funds and to collect and segregate and apply the Tax Increment and other revenues pledged thereto as provided by this Resolution or any Supplemental Resolution and the Act.

Section 9. Supplemental Resolutions.

9.01. General. The City reserves the right to adopt Supplemental Resolutions to this Resolution from time to time and at any time, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein, or of making such provisions with regard to matters or questions arising hereunder as the City may deem necessary or desirable and not inconsistent with this Resolution, and which shall not adversely affect the interests of the Owners of Bonds issued hereunder, or for the purpose of adding to the covenants and agreements herein contained, or to the Tax Increment herein pledged, other covenants and agreements thereafter to be observed and additional revenues or income thereafter appropriated to the Tax Increment Funds, or for the purpose of surrendering any right or power herein reserved to or conferred upon the City, or for the purpose of authorizing the creation and issuance of a series of Additional Bonds, as provided in and subject to the conditions and requirements of Section 4. Any such Supplemental Resolution may be adopted by resolution, without the consent of the Owner of any of the Bonds issued hereunder.

9.02. Consent of Owners. With the consent of the Owners of a majority in principal amount of Outstanding Bonds affected thereby as provided in Section 9.04, the City may from time to time and at any time adopt a Supplemental Resolution for the purpose of amending this Resolution by adding any provisions hereto or changing in any manner or eliminating any of the provisions hereof or of any Supplemental Resolution, except that no Supplemental Resolution shall be adopted at any time without the consent of the Owners of all Outstanding Bonds affected thereby, if it would extend the time of payment of interest thereon, would reduce the amount of the principal thereof or redemption premium thereon, would give to any Bond or Bonds any privilege over any other Bond or Bonds (except for the privilege accorded Bonds over Subordinate Obligations), would reduce the sources of Tax Increment or other revenues or income appropriated to the Tax Increment Funds, or would reduce the percentage in principal amount of such Bonds required to authorize or consent to any such Supplemental Resolution.

9.03. Notice. Notice of a Supplemental Resolution to be adopted pursuant to Section 9.02 shall be mailed by first-class mail, postage prepaid, to the Owners of all Outstanding Bonds at their addresses appearing in the Bond Register and shall become effective only upon the filing of written consents with the City Clerk, signed by the Owners of not less than a majority in principal amount of Outstanding Bonds affected thereby. Any written consent to the Supplemental Resolution may be embodied in and evidenced by one or any number of concurrent written instruments of substantially similar tenor signed by Owners thereof in person or by agent duly appointed in writing, and shall become effective when delivered to the City Clerk. Any consent by the Owner of any Bond shall bind that Owner and every future Owner of the same Bond with respect to any Supplemental Resolution adopted by the City pursuant to such consent; provided that any Owner may revoke his consent with reference to any Bond by written notice received by the City Clerk before the Supplemental Resolution has become effective. In the event that unrevoked consents of the Owners of the required amount of Bonds have not been received by the City Clerk within one year after the publication of notice of the Supplemental Resolution, the Supplemental Resolution and all consents theretofore received shall be of no further force and effect.

9.04. Manner of Consent. Proof of the execution of any consent, or of a writing appointing any agent to execute the same, shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the City if made in the manner provided in this Section 9.04. The fact and date of the execution by any Person of any such consent or appointment may be proved by the affidavit of a witness of such execution or by the certification of any notary public or other officer authorized by law to take acknowledgment of deeds, certifying that the Person signing it acknowledged to him the execution thereof. The fact and date of execution of any such consent may also be proved in any other manner which the City may deem sufficient; but the City may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. The ownership of any Bonds shall be proved by the Bond Register.

Section 10. Defeasance or Discharge.

10.01. General. When the liability of the City on all Bonds issued under and secured by this Resolution and all interest thereon has been discharged as provided in this Section 10, all pledges, covenants and other rights granted by this Resolution to the Owners of such Bonds shall cease.

10.02. Maturity. The City may discharge its liability with reference to all Bonds and interest thereon which are due on any date by depositing with the Registrar for such Bonds on or before the date a sum sufficient for the payment thereof in full; or if any Bond or interest thereon shall not be paid when due, the City may nevertheless discharge its liability with reference thereto by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

10.03. Redemption. The City may also discharge its liability with reference to any Bonds which are called for redemption on any date in accordance with their terms, by depositing with the Registrar on or before that date an amount equal to the principal, interest and redemption premium, if any, which are then due thereon; provided that notice of such redemption has been duly given as provided in this Resolution.

10.04. Escrow. The City may also at any time discharge its liability in its entirety with reference to any Bond subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or Defeasance Obligations which are authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without reinvestment, to provide funds sufficient to pay all principal, interest and redemption premiums, if any, to become due on such Bond at its Stated Maturity or, if such Bond is prepayable and notice of redemption thereof has been given or irrevocably provided for, to such earlier Redemption Date.

Section 11. Certification of Proceedings. The officers of the City are hereby authorized and directed to prepare and furnish to the Original Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records of the City, and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

Section 12. Repeals and Effective Date.

12.01. Repeal. All provisions of other resolutions and other actions and proceedings of the City and this Council that are in any way inconsistent with the terms and provisions of this Resolution are repealed, amended and rescinded to the full extent necessary to give full force and effect to the provisions of this Resolution.

12.02. Effective Date. This Resolution shall take effect immediately upon its passage and adoption by this Council.

PASSED AND ADOPTED by the City Council of the City of Billings, Montana, this
25th day of March, 2013.

Mayor

Attest: _____
City Clerk

(SEAL)

EXHIBIT A

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF YELLOWSTONE

CITY OF BILLINGS, MONTANA

**TAX INCREMENT URBAN RENEWAL REVENUE BONDS
(EXPANDED NORTH 27TH STREET URBAN RENEWAL AREA)
(TAX-EXEMPT) SERIES 2013A**

No. _____ \$ _____

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	July 1,	April 1, 2013	090095

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS AND NO/100

FOR VALUE RECEIVED, THE CITY OF BILLINGS, YELLOWSTONE COUNTY, STATE OF MONTANA (the "City"), acknowledges itself to be indebted and hereby promises to pay to the registered owner named above, or registered assigns, the principal amount specified above on the maturity date specified above or, if this Bond is prepayable as stated herein, on any date prior thereto on which this Bond shall have been duly called for redemption, and to pay interest on said principal amount to the registered owner hereof from the Date of Original Issue set forth above or from such later date to which interest has been paid or duly provided for until this Bond is paid or, if this Bond is prepayable, until it has been duly called for redemption, at the rate specified above. Principal of this Bond is payable upon presentation and surrender hereof to U.S. Bank National Association, of Seattle, Washington, as registrar, transfer agent and paying agent, or its successor designated under the Resolution described herein (the "Registrar") at its operations center in St. Paul, Minnesota. The interest on this Bond shall be payable on January 1 and July 1 in each year, commencing January 1, 2014. Interest on the Series 2013A Bonds shall be payable to the owners of record thereof as such appear on the Bond Register as of the close of business on the 15th day of the month immediately preceding each interest payment date, whether or not such day is a Business Day. Interest on, and upon presentation and surrender thereof, the principal of each Bond shall be payable by check or draft issued by the Registrar described herein.

The principal of and interest on this Bond are payable in lawful money of the United States of America. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

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 Bond is one of a duly authorized issue of Bonds of the City designated as “Tax Increment Urban Renewal Revenue Bonds (Expanded North 27th Street Urban Renewal Area)” (collectively, the “Bonds”), issued and to be issued in one or more series under, and all equally and ratably secured by Resolution No. [___], adopted by the City Council on March 25, 2013 (as amended or supplemented in accordance with the provisions thereof, the “Resolution”), to which Resolution, copies of which are on file with the City, reference is hereby made for a description of the nature and extent of the security, the respective rights thereunder of the Owners of the Bonds and the City and the terms upon which the Bonds are to be issued and delivered. As provided in the Resolution, the Bonds are issuable in series which may vary as in the Resolution provided or permitted. This Bond is one of the series specified in its title, issued in the aggregate principal amount of \$7,885,000 (the “Series 2013A Bonds”), all of like date of original issue and tenor except as to serial number, denomination, date, interest rate, maturity date and redemption privilege. The Series 2013A Bonds are issued by the City, together with the Tax Increment Urban Renewal Revenue Bonds (Expanded North 27th Street Urban Renewal Area (Taxable) Series 2013B, issued in the aggregate principal amount of \$5,325,000 (the “Series 2013B Bonds”), for the purpose of financing a portion of the costs of an urban renewal project (as defined in the Act) within the City’s Expanded North 27th Street Urban Renewal Area (the “District”). Capitalized terms used herein but not otherwise defined shall have the respective meanings given such terms in the Resolution.

The Series 2013A Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Montana, particularly Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the “Act”), and pursuant to the Resolution. The Bonds are payable solely and ratably from Tax Increment received by the City and resulting from the extension of ad valorem taxes levied by certain Taxing Bodies against the incremental taxable value of properties within the District pursuant to the Act, except that under certain conditions as described in the Resolution, the Bonds may be payable from replacement revenues, if any, provided in the event of the abolition or substantial elimination of property taxation in Montana.

The Bonds are not general obligations of the City and the City’s general credit and taxing powers are not pledged to the payment of the Bonds or the interest thereon. The Bonds shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitations.

The Series 2013A Bonds with Stated Maturities on or after July 1, 2023 are subject to redemption on January 1, 2023 and any date thereafter, at the option of the City, in whole or in part, and if in part from such Stated Maturities and in such principal amounts as the City may designate in writing to the Registrar (or, if no designation is made, in inverse order of maturities and within a maturity 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 and interest accrued to the redemption date, without premium.

The Series 2013A Bonds having Stated Maturities in 2029, 2033 and 2038 are subject to mandatory sinking fund redemption on July 1 in the respective years and the respective principal amounts 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:

Sinking Fund Payment Date <u>(July 1)</u>	Principal Amount on Sinking Fund <u>Payment Date</u>
2024	\$ 80,000
2025	80,000
2026	85,000
2027	90,000
2028	95,000
2029*	600,000
2030	\$625,000
2031	655,000
2032	685,000
2033*	720,000
2034	\$755,000
2035	795,000
2036	830,000
2037	875,000
2038*	915,000

*Final maturity.

The principal amounts of the Series 2013A Bonds having Stated Maturities in 2029, 2033 and 2038 required to be redeemed on the above Sinking Fund Payment Dates shall be reduced by the principal amount of any such Series 2013A Bonds theretofore redeemed at the option of the City and not previously applied to reduce the principal amount of such Series 2013A Bonds on a Sinking Fund Payment Date.

If the Series 2013A Bonds having Stated Maturities in 2029, 2033 and 2038 are not previously purchased by the City in the open market or prepaid, \$600,000, \$720,000 and \$915,000, respectively, in principal amount of such Series 2013A Bonds would remain to mature in 2029, 2033 and 2038. The principal amount of the Series 2013A Bonds required to be redeemed on the above Sinking Fund Payment Dates shall be reduced by the principal amount of such Series 2013A Bonds theretofore redeemed at the option of this Council and as to which the City has not previously applied amounts to reduce the principal amount of such Series 2013A Bonds on a Sinking Fund Payment Date.

As provided in the Resolution and subject to certain limitations set forth therein, this Series 2013A Bond is transferable upon the books of the City at the principal office of the Registrar, 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 Registrar duly executed by the registered owner or his attorney; and may also be surrendered in exchange for Series 2013A Bonds of other authorized denominations. Upon any such transfer or exchange, the City will cause a new Series 2013A Bond or Bonds 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 or exchange.

The City and the Registrar 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 nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Montana and ordinances and resolutions of the City to be done, to exist, to happen and to be performed in order to make this Series 2013A Bond a valid and binding special, limited obligation of the City in accordance with its terms have been done, do exist, have happened and have been performed as so required; that this Series 2013A Bond has been issued by the City in connection with an urban renewal project (as defined in the Act); that the City, in and by the Resolution, has validly made and entered into covenants and agreements with and for the benefit of the Owners from time to time of all Bonds issued thereunder, including covenants that it will pledge, appropriate and credit the Tax Increment to the Tax Increment Debt Service Fund of the City; that Additional Bonds may be issued and made payable from the Tax Increment Debt Service Fund on a parity with the Series 2013A Bonds and the Series 2013B Bonds upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Tax Increment, unless the lien thereof shall be expressly made subordinate to the lien of the Series 2013A Bonds and the Series 2013B Bonds on the Tax Increment; that all provisions for the security of the Owners of the Bonds as set forth in the Resolution will be punctually and faithfully performed as therein stipulated; and that the issuance of the Series 2013A Bonds does not cause the obligations of the City to exceed any constitutional or statutory limitation of indebtedness.

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

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

CITY OF BILLINGS, MONTANA

(Facsimile Signature)
MAYOR

(Facsimile Seal)

(Facsimile Signature)
CITY FINANCE DIRECTOR

(Facsimile Signature)
CITY CLERK

Dated:

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned herein.

U.S. BANK NATIONAL ASSOCIATION,
as Registrar, Transfer Agent, and
Paying Agent

By _____
Authorized Signature

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

under Uniform Gifts to

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

Minor 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.

Dated: _____

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 GUARANTEED

Signature(s) must be guaranteed by an
"eligible guarantor institution" meeting
the requirements of the Registrar,
which requirements include membership
or participation in STAMP or such other
"signature guaranty program" as may be
determined by the Registrar in
addition to or in substitution for STAMP,
all in accordance with the Securities
Exchange Act of 1934, as amended.

EXHIBIT B

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF YELLOWSTONE

CITY OF BILLINGS, MONTANA

**TAX INCREMENT URBAN RENEWAL REVENUE BONDS
(EXPANDED NORTH 27TH STREET URBAN RENEWAL AREA)
(TAXABLE) SERIES 2013B**

No. _____ \$ _____

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	July 1,	April 1, 2013	090095

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS AND NO/100

FOR VALUE RECEIVED, THE CITY OF BILLINGS, YELLOWSTONE COUNTY, STATE OF MONTANA (the "City"), acknowledges itself to be indebted and hereby promises to pay to the registered owner named above, or registered assigns, the principal amount specified above on the maturity date specified above or, if this Bond is prepayable as stated herein, on any date prior thereto on which this Bond shall have been duly called for redemption, and to pay interest on said principal amount to the registered owner hereof from the Date of Original Issue set forth above or from such later date to which interest has been paid or duly provided for until this Bond is paid or, if this Bond is prepayable, until it has been duly called for redemption, at the rate specified above. Principal of this Bond is payable upon presentation and surrender hereof to U.S. Bank National Association, of Seattle, Washington, as registrar, transfer agent and paying agent, or its successor designated under the Resolution described herein (the "Registrar") at its operations center in St. Paul, Minnesota. The interest on this Bond shall be payable on January 1 and July 1 in each year, commencing January 1, 2014. Interest on the Series 2013B Bonds shall be payable to the owners of record thereof as such appear on the Bond Register as of the close of business on the 15th day of the month immediately preceding each interest payment date, whether or not such day is a Business Day. Interest on, and upon presentation and surrender thereof, the principal of each Bond shall be payable by check or draft issued by the Registrar described herein.

The principal of and interest on this Bond are payable in lawful money of the United States of America. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

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 Bond is one of a duly authorized issue of Bonds of the City designated as “Tax Increment Urban Renewal Revenue Bonds (Expanded North 27th Street Urban Renewal Area)” (collectively, the “Bonds”), issued and to be issued in one or more series under, and all equally and ratably secured by Resolution No. [___], adopted by the City Council on March 25, 2013 (as amended or supplemented in accordance with the provisions thereof, the “Resolution”), to which Resolution, copies of which are on file with the City, reference is hereby made for a description of the nature and extent of the security, the respective rights thereunder of the Owners of the Bonds and the City and the terms upon which the Bonds are to be issued and delivered. As provided in the Resolution, the Bonds are issuable in series which may vary as in the Resolution provided or permitted. This Bond is one of the series specified in its title, issued in the aggregate principal amount of \$5,325,000 (the “Series 2013B Bonds”), all of like date of original issue and tenor except as to serial number, denomination, date, interest rate, maturity date and redemption privilege. The Series 2013B Bonds are issued by the City, together with the Tax Increment Urban Renewal Revenue Bonds (Expanded North 27th Street Urban Renewal Area (Tax-Exempt) Series 2013A, issued in the aggregate principal amount of \$7,885,000 (the “Series 2013A Bonds”), for the purpose of financing a portion of the costs of an urban renewal project (as defined in the Act) within the City’s Expanded North 27th Street Urban Renewal Area (the “District”). Capitalized terms used herein but not otherwise defined shall have the respective meanings given such terms in the Resolution.

The Series 2013B Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Montana, particularly Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the “Act”), and pursuant to the Resolution. The Series 2013B Bonds are payable solely and ratably from Tax Increment received by the City and resulting from the extension of ad valorem taxes levied by certain Taxing Bodies against the incremental taxable value of properties within the District pursuant to the Act, except that under certain conditions as described in the Resolution, the Bonds may be payable from replacement revenues, if any, provided in the event of the abolition or substantial elimination of property taxation in Montana.

The Bonds are not general obligations of the City and the City’s general credit and taxing powers are not pledged to the payment of the Bonds or the interest thereon. The Bonds shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitations.

INTEREST ON THE SERIES 2013B BONDS IS INCLUDABLE IN GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION.

The Series 2013B Bonds with Stated Maturities in the years 2014 through 2022 are not subject to redemption prior to their Stated Maturities. The Series 2013B Bonds with Stated

Maturities on or after July 1, 2023 are subject to redemption on January 1, 2023 and any date thereafter, at the option of the City, in whole or in part, and if in part from such Stated Maturities and in such principal amounts as the City may designate in writing to the Registrar (or, if no designation is made, in inverse order of maturities and within a maturity 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 and interest accrued to the redemption date, without premium.

The Series 2013B Bonds having Stated Maturities in 2026 and 2028 are subject to mandatory sinking fund redemption on July 1 in the respective years and the respective principal amounts 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:

Sinking Fund Payment Date <u>(July 1)</u>	Principal Amount on Sinking Fund <u>Payment Date</u>
2024	\$365,000
2025	390,000
2026*	410,000
2027	\$440,000
2028*	470,000

*Final maturity.

The principal amounts of the Series 2013B Bonds having Stated Maturities in 2026 and 2028 required to be redeemed on the above Sinking Fund Payment Dates shall be reduced by the principal amount of any such Series 2013B Bonds theretofore redeemed at the option of the City and not previously applied to reduce the principal amount of such Series 2013B Bonds on a Sinking Fund Payment Date.

If the Series 2013B Bonds having Stated Maturities in 2026 and 2028 are not previously purchased by the City in the open market or prepaid, \$410,000 and \$470,000, respectively, in principal amount of such Series 2013B Bonds would remain to mature in 2026 and 2028. The principal amount of the Series 2013B Bonds required to be redeemed on the above Sinking Fund Payment Dates shall be reduced by the principal amount of such Series 2013B Bonds theretofore redeemed at the option of this Council and as to which the City has not previously applied amounts to reduce the principal amount of such Series 2013B Bonds on a Sinking Fund Payment Date.

As provided in the Resolution and subject to certain limitations set forth therein, this Series 2013B Bond is transferable upon the books of the City at the principal office of the Registrar, 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 Registrar duly executed by the registered owner or his attorney; and may also be surrendered in exchange for Series 2013B Bonds of other authorized denominations. Upon any such transfer or exchange,

the City will cause a new Series 2013B Bond or Bonds 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 or exchange.

The City and the Registrar 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 nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Montana and ordinances and resolutions of the City to be done, to exist, to happen and to be performed in order to make this Series 2013B Bond a valid and binding special, limited obligation of the City in accordance with its terms have been done, do exist, have happened and have been performed as so required; that this Series 2013B Bond has been issued by the City in connection with an urban renewal project (as defined in the Act); that the City, in and by the Resolution, has validly made and entered into covenants and agreements with and for the benefit of the Owners from time to time of all Bonds issued thereunder, including covenants that it will pledge, appropriate and credit the Tax Increment to the Tax Increment Debt Service Fund of the City; that Additional Bonds may be issued and made payable from the Tax Increment Debt Service Fund on a parity with the Series 2013A Bonds and the Series 2013B Bonds upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Tax Increment, unless the lien thereof shall be expressly made subordinate to the lien of the Series 2013A Bonds and the Series 2013B Bonds on the Tax Increment; that all provisions for the security of the Owners of the Bonds as set forth in the Resolution will be punctually and faithfully performed as therein stipulated; and that the issuance of the Series 2013B Bonds does not cause the obligations of the City to exceed any constitutional or statutory limitation of indebtedness.

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

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

CITY OF BILLINGS, MONTANA

(Facsimile Signature)
MAYOR

(Facsimile Seal)

(Facsimile Signature)
CITY FINANCE DIRECTOR

(Facsimile Signature)
CITY CLERK

Dated:

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned herein.

U.S. BANK NATIONAL ASSOCIATION,
as Registrar, Transfer Agent, and
Paying Agent

By _____
Authorized Signature

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

under Uniform Gifts to

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

Minor 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.

Dated: _____

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 GUARANTEED

Signature(s) must be guaranteed by an
"eligible guarantor institution" meeting
the requirements of the Registrar,
which requirements include membership
or participation in STAMP or such other
"signature guaranty program" as may be
determined by the Registrar in
addition to or in substitution for STAMP,
all in accordance with the Securities
Exchange Act of 1934, as amended.