

CERTIFICATE AS TO RESOLUTION AND VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Billings, Montana (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. _____, entitled: "RESOLUTION OF INTENTION RELATING TO SPECIAL IMPROVEMENT DISTRICT NO. 1385 REFUNDING BONDS, SERIES 2013; AND CALLING A PUBLIC HEARING THEREON" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City at a meeting on April 8, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 8th day of April, 2013.

City Clerk

RESOLUTION NO. _____

RESOLUTION OF INTENTION RELATING TO SPECIAL
IMPROVEMENT DISTRICT NO. 1385 REFUNDING BONDS,
SERIES 2013; AND CALLING A PUBLIC HEARING
THEREON

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

Section 1. Recitals and Statutory Authorization.

1.01. The City, pursuant to Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended (the “Act”), has issued its Special Improvement District Bonds No. 1385 Bonds, dated, as originally issued, as of October 1, 2008, in the original aggregate principal amount of \$5,360,000 (the “Series 2008 Bonds”), drawn against the funds of, and to finance the costs of improvements (the “Improvements”) in or for the benefit of Special Improvement District No. 1385 of the City (the “District”). All of the Improvements have been completed and all proceeds of the Series 2008 Bonds and investment income thereon have been applied to costs of the Improvements or to the partial redemption of the Series 2008 Bonds, except for certain proceeds of the Series 2008 Bonds on deposit in the Special Improvement District Revolving Fund of the City (the “Revolving Fund”). The Series 2008 Bonds are presently outstanding in the aggregate principal amount of \$4,945,000.

1.02. Section 7-12-4194 of the Act authorizes the issuance of special improvement district bonds under the Act to provide money needed to pay principal of and interest on outstanding bonds if the rate of interest on the refunding bonds is at least one-half of one percent (0.50%) a year less than the rate of interest on the bonds to be refunded.

1.03. Pursuant to Section 7-12-4194 of the Act, it is necessary that the Council conduct a public hearing on the desirability of issuing the refunding bonds if the refunding bonds are to be issued in a principal amount greater than the bonds to be refunded.

Section 2. Findings. Pursuant to Section 7-12-4194 of the Act, this Council hereby determines that it is in the best interests of the City and the owners of property in the District for the City to sell its special improvement district refunding bonds in order to provide funds to be used to refund the Series 2008 Bonds in advance of their stated maturities. Such bonds shall be denominated “Special Improvement District No. 1385 Refunding Bonds, Series 2013” (the “Refunding Bonds”), and shall be issued in the maximum aggregate principal amount of \$6,000,000. The Refunding Bonds will be issued to achieve debt service savings for the District, estimated on a net present value basis (using the yield of the Refunding Bonds as the discount factor) calculated over the remaining term of the Series 2008 Bonds to be at least 8.0%. The savings will benefit the District and the owners of property therein by reducing the total cost of the Improvements financed from the proceeds of the Series 2008 Bonds.

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

the best interests of the City to sell the Refunding Bonds at a private negotiated sale to D.A. Davidson, of Great Falls, Montana (the "Purchaser"), in consultation with Springsted Incorporated, financial consultant to the City in respect of the Refunding Bonds. The Refunding Bonds shall be sold to the Purchaser on terms and at a purchase price subject to the following limitations and conditions: (1) the aggregate principal amount of the Refunding Bonds, exclusive of original issue premium or discount, shall not exceed \$6,000,000; (2) the purchase price of the Refunding Bonds shall not be less than 98.55% of the principal amount of the Refunding Bonds, exclusive of original issue premium or discount; (3) the debt service savings on a net present value basis (using the yield of the Refunding Bonds as the discount factor) calculated over the remaining term of the Series 2008 Bonds, shall be at least 8.0%; (4) the average annual interest rate on the Refunding Bonds shall be at least one-half of one percent (0.50%) a year less than the average annual interest rate on the outstanding Series 2008 Bonds; and (5) the final stated maturity of the Refunding Bonds shall not be later than the final stated maturity of the Series 2008 Bonds (July 1, 2028).

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

All costs of issuing the Refunding Bonds (including, without limitation, the fees and expenses of bond counsel, the City's financial consultant and the Paying Agent and Registrar, and the costs of printing the Preliminary Official Statement, the Official Statement and the Refunding Bonds, if any) shall be paid by the City as part of the financing from proceeds of the Refunding Bonds or other available sources.

Section 4. Pledge of Revolving Fund. In the resolution of intention to create the District, this Council found that it was in the public interest, and in the best interest of the City and the District, to secure payment of the principal of and interest on the Series 2008 Bonds by the Revolving Fund, on the basis of factors required to be considered under Section 7-12-4225 of the Act. It is hereby found, determined and declared that it is in the public interest and in the best interest of the City and the District, to secure payment of the principal of and interest on the Refunding Bonds by the Revolving Fund, and the findings made in the resolution of intention in respect of the pledge of the Revolving Fund for the District are hereby ratified and confirmed; no material adverse condition relevant to the pledge of the Revolving Fund in the District having occurred since the Series 2008 Bonds were issued.

Section 5. Public Hearing; Notice of Resolution. A public hearing is hereby called and shall be held on April 22, 2013 at 6:30 p.m. in the Council Chambers on the second floor of the Police Facility, 220 North 27th Street, Billings, Montana. The City Clerk is hereby authorized and directed to publish or cause to be published a notice of public hearing in the *Billings Times*, a newspaper of general circulation in the county on April 11 and April 18, 2013 and to mail or cause to be mailed a copy of said notice to every person, firm or corporation, or the agent of such person, firm or corporation, having real property within the District listed in the owner's name upon the last completed assessment roll for state, county and school district taxes, at the owner's last-known address, upon the same day such notice is first published.

PASSED AND APPROVED by the City Council of the City of Billings, Montana, this
8th day of April, 2013.

Mayor

Attest: _____
City Clerk

(SEAL)