

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 No. \_\_\_\_\_ entitled: "RESOLUTION RELATING TO \$5,545,000 SPECIAL IMPROVEMENT DISTRICT NO. 1385 REFUNDING BONDS, SERIES 2013; FIXING THE FORM AND DETAILS AND PROVIDING FOR THE EXECUTION AND DELIVERY THEREOF AND 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 regular meeting on May 28, 2013, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Council Members voted in favor thereof: \_\_\_\_\_  
\_\_\_\_\_ ; voted against the same: \_\_\_\_\_  
\_\_\_\_\_ ; abstained from voting thereon: \_\_\_\_\_  
\_\_\_\_\_ ; or were absent: \_\_\_\_\_.

WITNESS my hand and seal officially this 28th day of May, 2013.

(SEAL)

\_\_\_\_\_  
City Clerk

RESOLUTION NO. \_\_\_\_\_

RESOLUTION RELATING TO \$5,545,000 SPECIAL  
IMPROVEMENT DISTRICT NO. 1385 REFUNDING BONDS,  
SERIES 2013; FIXING THE FORM AND DETAILS AND  
PROVIDING FOR THE EXECUTION AND DELIVERY  
THEREOF AND SECURITY THEREFOR

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

Section 1. Recitals. It is hereby found, determined and declared as follows:

1.01. Outstanding Bonds. 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 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 certain local 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 with stated maturities in the year 2013 and thereafter are presently outstanding in the aggregate principal amount of \$4,945,000 (the “Refunded Bonds”). The Refunded Bonds with stated maturities in the year 2016 and thereafter may be redeemed on any interest payment date on or after July 1, 2015.

1.02. Authorization. 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 not less than one-half of one percent (0.50%) a year less than the rate of interest on the bonds to be refunded.

1.03. Issuance of Bonds. By Resolution No. 13-19257 adopted on April 8, 2013 and, following a duly noticed and held public hearing, Resolution No. 13-19262 adopted April 22, 2013, this Council determined 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, pursuant to Section 7-12-4194(3)(a) of the Act, in order to provide funds to be used, with other available funds of the City, to refund the Refunded Bonds in advance of their stated maturities, to fund a deposit to the Revolving Fund and to pay costs of issuance of the bonds. Such bonds shall be denominated “Special Improvement District No. 1385 Refunding Bonds, Series 2013” (the “Bonds”), and shall be issued in the aggregate principal amount of \$5,545,000.

The Bonds will be issued to achieve debt service savings for the District. The savings will benefit the District and the owners of property therein by reducing the total cost of the Improvements.

1.04. Public Hearing. Pursuant to Section 7-12-4194 of the Act, because the Bonds will be issued in a principal amount greater than the principal amount of the Refunded Bonds, a public hearing was required to establish the desirability of issuing the Bonds. The City duly noticed and held a public hearing on April 22, 2013 and subsequent thereto determined that it is in the best interests of the City to issue such Bonds.

1.05. Sale of Bonds. Pursuant to the authority recited in Sections 1.01 and 1.02 above and for the purpose of refunding the Refunded Bonds, this Council authorized the sale of the Bonds to D.A. Davidson, of Great Falls, Montana (the "Purchaser"), pursuant to Resolution No. 13-19257 adopted on April 8, 2013 and Resolution No. 13-19262 adopted April 22, 2013, subject to certain terms and conditions stated therein. The City hereby ratifies and confirms the issuance and sale of the Bonds in accordance with the provisions of this Resolution (the "Resolution"), and in accordance with a Bond Purchase Agreement, dated May 15, 2013, between the City and the Purchaser.

1.06. Debt Service Savings. The debt service savings to result from the refunding of the Refunded Bonds is estimated to be \$669,042.23, calculated on a net present value basis and using a discount rate of 3.553063% (the approximate yield of the Bonds) over the remaining term of the Refunded Bonds. The average annual rate of interest on the Bonds (3.600208%) is approximately 4.286075% less than the average annual rate of interest on the Refunded Bonds (7.886283%). Thus, the City has authority under the Act to issue the Bonds to the Purchaser upon the terms and conditions set forth in this Resolution.

1.07. Official Statement. The Preliminary Official Statement relating to the Bonds, dated May 1, 2013, is hereby approved and the determination of the City Finance Director that the Preliminary Official Statement has been deemed final for purposes of SEC Rule 15c2-12(b)(1) is hereby ratified and confirmed. The Official Statement relating to the Bonds, to be dated the date hereof, and substantially in the form of the Preliminary Official Statement with such changes therein as the City Finance Director may approve, is hereby approved. The City Finance Director is hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

1.08. Recitals. All acts, conditions and things required by the Constitution and laws of the State of Montana, including the Act, and the home rule charter of the City, in order to make the Bonds valid and binding special obligations in accordance with their terms and in accordance with the terms of this Resolution have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required.

## Section 2. The Bonds.

2.01. Principal Amount, Maturities, Denominations, Date, Interest Rates. For the purpose of providing funds sufficient, with other moneys of the City legally available therefor, to refund in advance of their stated maturities the Refunded Bonds, to fund a deposit to the Revolving Fund and to pay costs of issuance of the Bonds, and in anticipation of the collection of special assessments to be levied therefor, and in accordance with the proposal described in Section 1.05, the City shall forthwith issue and deliver to the Purchaser the Bonds, denominated "Special Improvement District No. 1385 Refunding Bonds, Series 2013," in the aggregate

principal amount of \$5,545,000, payable solely from the Special Improvement District No. 1385 Fund of the City created in Section 3.01 (the “District Fund”). The Bonds shall be dated, as originally issued, and be registered as of June 5, 2013, shall be in the denomination of \$5,000 each or any integral multiple thereof of single maturities, shall mature on July 1 in the years and principal amounts set forth below, and Bonds maturing in such years and principal amounts shall bear interest from the date of original registration until paid or duly called for redemption (including mandatory sinking fund redemption as to the Term Bonds maturing in 2021, 2025, and 2028) at the rates per annum set forth opposite such years and amounts, respectively:

Year	Principal Amount	Interest Rate
2014	\$ 345,000	1.300%
2015	360,000	1.500%
2016	360,000	1.800%
2017	360,000	2.000%
2018	360,000	2.350%
2019	360,000	2.650%
2021*	725,000	3.050%
2022	370,000	3.450%
2023	370,000	3.700%
2025*	760,000	4.000%
2028*	1,175,000	4.250%

\*Term Bonds subject to mandatory sinking fund redemption as set forth in Section 2.07 below.

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

2.02. Interest Payment Dates. Interest on the Bonds shall be payable on each January 1 and July 1, commencing January 1, 2014, to the owners of record thereof as such appear on the bond register at the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day. Upon the original delivery of the Bonds to the Purchaser and upon each subsequent transfer or exchange of a Bond pursuant to Section 2.04, the Registrar shall date each Bond as of the date of its authentication.

2.03. Method of Payment. The Bonds shall be issued only in fully registered form. The interest on and, upon surrender thereof at the principal office of the Registrar (as hereinafter defined), the principal of each Bond, shall be payable by check or draft drawn on the Registrar.

2.04. Registration. The City shall appoint, and shall maintain, a bond registrar, transfer agent and paying agent for the Bonds (the “Registrar”). This Section 2.04 shall establish a system of registration for the Bonds as defined in the Model Public Obligations Registration Act of Montana.

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 the Bonds and the registration of transfers and exchanges of the Bonds entitled to be registered, transferred or exchanged.

(b) Transfer. Upon surrender to the Registrar for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing and guaranteed by an “eligible guarantor institution” meeting the requirements of the Registrar, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer of any Bond or portion thereof selected or called for redemption.

(c) Exchange. Whenever any Bond is surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount, interest rate and maturity, as requested by the registered owner or the owner’s attorney duly authorized in writing.

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

(e) Improper or Unauthorized Transfer. When any 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 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 Bond is at any time registered on the bond register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such 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 Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer of Bonds or exchange of Bonds (except for an exchange upon the partial redemption of a 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 Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like

amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any such Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that such Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar 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 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, destroyed, stolen or lost Bond has already matured or such Bond has been called for redemption in accordance with its terms, it shall not be necessary to issue a new Bond prior to payment.

2.05. Initial Registrar. The City hereby appoints U.S. Bank National Association, of Seattle, Washington, as the initial Registrar for the Bonds. The City reserves the right to appoint a successor Registrar, and the City agrees to pay the reasonable and customary charges of the Registrar for the services performed. Upon merger or consolidation of a bank or trust company that is acting as the Registrar, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The City reserves the right to remove any Registrar upon 30 days notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession as Registrar to the successor Registrar and shall deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of this Council, the City Finance Director shall transmit to the Registrar, solely from money in the District Fund available therefor, moneys sufficient for the payment of all principal, premium, if any, and interest then due on the Bonds.

2.06. Redemption.

(a) Mandatory Redemption. If on any interest payment date there will be a balance in the District Fund after payment of the principal and interest due on all Bonds drawn against it from the prepayment of special assessments levied in the District, the City Finance Director shall call for redemption on the interest payment date outstanding Bonds, or portions thereof, in an amount which, together with the interest thereon to the interest payment date, will equal the amount of such funds on deposit in the District Fund on that date. The redemption price shall equal the amount of the principal amount of the Bonds to be redeemed plus interest accrued to the date of redemption.

(b) Optional Redemption. The Bonds are subject to redemption, in whole or in part, at the option of the City from sources of funds available therefor other than those described in Subsection (a) of this Section 2.06 on any interest payment date. The Bonds with stated maturities on or after July 1, 2016 will be subject to redemption on July 1, 2015, and any date thereafter, at the option of the City, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date, without premium.

(c) Selection of Bonds for Redemption. If less than all of the Bonds are to be redeemed, Bonds shall be redeemed in order of the stated maturities thereof. If less than all Bonds of a stated maturity are to be redeemed, the Bonds of such maturity shall be selected for redemption in \$5,000 principal amounts selected by the Registrar by lot or other manner it deems fair.

(d) Notice and Effect of Redemption. The date of redemption and the principal amount of the Bonds shall be fixed by the City Finance Director, who shall give notice thereof to the Registrar 45 days prior to the date set for redemption in order for the Registrar to give notice, by first class mail, postage prepaid, or by other means required by the securities depository, to the owner or owners of such Bonds at their addresses appearing on the bond register, of the numbers of the Bonds or portions thereof to be redeemed and the date on which payment will be made, which date shall be not less than 30 days after the date of mailing notice. On the date so fixed interest on the Bonds or portions thereof so redeemed shall cease.

2.07. Mandatory Sinking Fund Redemption. The Bonds having stated maturities in 2021, 2025, and 2028 (the “Term Bonds”) are subject to mandatory sinking fund redemption on July 1 in the respective years and the respective principal amounts set forth below, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date:

2021 Term Bond	
<u>Year</u>	<u>Amount</u>
2020	\$360,000
2021*	365,000
*Final Maturity	

2025 Term Bond	
<u>Year</u>	<u>Amount</u>
2024	\$375,000
2025*	385,000
*Final Maturity	

2028 Term Bond	
<u>Year</u>	<u>Amount</u>
2026	\$385,000
2027	395,000
2028*	395,000
*Final Maturity	

If the Bonds with stated maturities in 2021, 2025 and 2028 are not previously purchased by the City in the open market or prepaid, \$365,000 in principal amount of such Bond would remain to mature in 2021, \$385,000 in principal amount of such Bond would remain to mature in 2025, and \$395,000 in principal amount of such Bond would remain to mature in 2028. The principal amounts of the Term Bonds required to be redeemed on the above mandatory sinking fund redemption dates shall be reduced by the principal amount of such Bond theretofore

redeemed at the option of the City and as to which the City has not previously applied amounts to reduce the principal amount of such bond on a mandatory sinking fund redemption date.

2.08. Form. The Bonds shall be drawn in substantially the form set forth in Exhibit A hereto, and by this reference made a part hereof, with such modifications as are permitted by the Act.

2.09. Execution, Registration and Delivery. The Bonds shall be prepared under the direction of the City Finance Director and shall be executed on behalf of the City by the signatures of the Mayor, the City Finance Director and the City Clerk and sealed with the official seal of the City; provided that the seal and all signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, 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. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Bond has been duly executed by the manual signature of an authorized representative of the Registrar. The certificate of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been so executed, authenticated and registered, they shall be delivered by the Registrar to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed.

2.10. Application of Proceeds. From the net proceeds of the Bonds (\$5,472,915.00, representing the principal amount of the Bonds less underwriters discount of \$72,085.00) the City Finance Director shall credit forthwith (i) \$5,407,945.07 to the escrow account as set forth in Section 6.01, together with \$406,672.50 of funds in the debt service account for the Series 2008 Bonds, to be used solely for the purposes described in Section 6.01, (ii) \$55,719.93 to pay costs of issuance of the Bonds, and (iii) \$9,250.00 to fund a deposit to the Revolving Fund. The Purchaser shall not be obligated to see to the application of the purchase price. The \$9,250.00 deposit to the Revolving Fund, together with the \$268,000 deposit to the Revolving Fund from the proceeds of the Series 2008 Bonds, satisfies the deposit to the Revolving Fund required by Section 7-12-4169(2) of the Act.

2.11. Securities Depository for the Bonds.

(a) For purposes of this Section 2.11, the following terms shall have the following meanings:

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

“Representation Letter” shall mean the Blanket Issuer Letter of Representations from the City to DTC, attached to this resolution as Exhibit B (which is hereby incorporated by reference and made a part hereof).

(b) The Bonds shall be initially issued as separately authenticated fully registered Bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered on 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 Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this Resolution, registering the transfer of 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 Bonds under or through DTC or any Participant, or any other Person which is not shown on the bond register as being a registered owner of any Bonds, 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 Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds 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 Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such 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 Bonds to the extent of the sum or sums so paid. No Person other than DTC shall receive an authenticated 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 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 registration system, the City may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Bonds 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 Bonds 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 registered owners of the Bonds and Beneficial Owners and payments on the 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 Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the 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 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 Bonds, or another securities depository as owner of all the Bonds, the provisions of this Resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of Bond certificates and the method of payment of principal of and interest on such Bonds in the form of Bond certificates.

### Section 3. District Fund; Assessments.

3.01. District Fund. There is hereby created and established the fund designated as the “Special Improvement District No. 1385 Fund,” which shall be maintained by the City Finance Director on the books and records of the City separate and apart from all other funds of the City (the “District Fund”). Within the District Fund there shall be maintained separate accounts, designated as the “Principal Account” and the “Interest Account,” respectively.

3.02. Principal Account and Interest Account. Money in the Principal Account and the Interest Account shall be used only for payment of the principal of and interest on the Bonds as such payments become due or to redeem Bonds or portions thereof.

Upon collection of the installment of principal and interest due on November 30 and May 31 of each year on the special assessments to be levied with respect to the Improvements in the District, the City Finance Director shall credit to the Interest Account so much of said special assessments as is collected as interest payment and the balance thereof to the Principal Account. Any installment of any special assessment paid prior to its due date with interest accrued thereon to the next succeeding interest payment date shall be credited with respect to principal and interest payments in the same manner as other assessments are credited to the District Fund. All money in the Interest Account and the Principal Account shall be used first to pay interest due, and any remaining money shall be used to pay Bonds then due and, if money is available, to redeem Bonds or portions thereof in accordance with Section 2.06. Redemption of Bonds or portions thereof shall be in the order of their stated maturities as provided in Section 2.06, and interest shall be paid from the Interest Account as accrued on such principal amounts to the date of redemption, in accordance with the provisions of Section 7-12-4206 of the Act.

3.03. Loans from Revolving Fund. The Council shall annually or more often if necessary issue an order authorizing a loan or advance from the Revolving Fund to the District Fund in an amount sufficient to make good any deficiency then existing in the Interest Account and issue an order authorizing a loan or advance from the Revolving Fund to the District Fund in an amount sufficient to make good any deficiency then existing in the Principal Account, in each case to the extent that money is available in the Revolving Fund. A deficiency shall be deemed

to exist in the Principal Account or the Interest Account if the money on deposit therein on any December 15 or June 15 (excluding amounts in the Principal Account representing prepaid special assessments) is less than the amount necessary to pay Bonds due (other than upon redemption), and interest on all Bonds payable, on the next succeeding interest payment date.

Pursuant to Ordinance No. 1096, the City has undertaken and agreed to provide funds for the Revolving Fund by annually levying such tax or making such loan from the general fund of the City, subject to the limitation that no such tax levy or loan may in any year cause the balance in the Revolving Fund to exceed five percent of the principal amount of the City's then outstanding special improvement and sidewalk, curb, gutter and alley approach bonds and warrants secured thereby and subject to the durational limitations specified in the Act. In the event that the balance on hand in the Revolving Fund fifteen days prior to any date when interest is due on special improvement and sidewalk, curb, gutter and alley approach bonds and warrants of the City is not sufficient to make good all deficiencies then existing in the funds for which the City covenants to make loans from the Revolving Fund, the balance on hand in the Revolving Fund shall be allocated to the funds in which such deficiencies then exist in proportion to the amounts of the deficiencies on the respective dates of receipt of such money, until all interest accrued on such special improvement and sidewalk, curb, gutter and alley approach bonds and warrants of the City has been paid and to the extent of amounts available in the Revolving Fund. On any date when all accrued interest on special improvement and sidewalk, curb, gutter and alley approach bonds and warrants of the City payable from funds for which the City has covenanted to make loans from the Revolving Fund has been paid, any balance remaining in the Revolving Fund shall be loaned or advanced to the funds for payment and redemption of bonds and warrants to the extent such funds are deficient for such purpose and, if money in the Revolving Fund is insufficient therefor, pro rata, in an amount proportionate to the amount of such deficiency.

The City hereby determines, covenants and agrees to levy the property tax described in the immediately preceding paragraph to provide funds for the Revolving Fund so long as any Bonds are outstanding to the extent required under the provisions of this Resolution and the Act, even though such property tax levy may, under applicable law or provisions of the home rule charter of the City, require that property tax levies of the City for other purposes be reduced correspondingly.

Section 4. Covenants. The City covenants and agrees with the owners from time to time of each of the Bonds that until all the Bonds and interest thereon are fully paid:

4.01. Compliance with Resolution. The City will hold the District Fund and the Revolving Fund as trust funds, separate and apart from all of its other funds, and the City, its officers and agents, will comply with all covenants and agreements contained in this Resolution. The provisions hereinabove made with respect to the District Fund and the Revolving Fund are in accordance with the undertaking and agreement of the City made in connection with the public offering of the Bonds and the sale of the Bonds as set forth in Section 1.05.

4.02. Levy of Assessments. The City has validly levied special assessments, on the basis prescribed in Resolution No. 08-18742 for the District, upon all assessable property within the boundaries of the District in accordance with the Constitution and laws of the State of Montana

and the Constitution of the United States in the aggregate principal amount of \$5,360,000 (the original aggregate principal amount of the Series 2008 Bonds) (the “Original Assessments”). As of the date hereof, Original Assessments are outstanding (including installments that are delinquent) in the aggregate principal amount of \$4,945,000. No owners of property within the District have prepaid their Original Assessments on such properties.

In connection with the refunding of the Refunded Bonds and the issuance of the Bonds, the City will do all acts and things necessary for the final and valid re-levy of special assessments upon all assessable real property within the boundaries of the District benefited by the Improvements that have not had their Original Assessments prepaid, in accordance with the Constitution and laws of the State of Montana and the Constitution of the United States, in an aggregate principal amount not less than \$5,545,000.

Such special assessments shall be levied on the basis or bases prescribed in the Resolution of Intention, and shall be payable in substantially equal semiannual installments of principal and interest over a period of 15 years, at an annual rate equal to the sum of: (i) the average annual interest rate borne by the then outstanding Bonds, plus (ii) one-half of one percent (0.50%) per annum. The assessments to be levied will be payable on the 30th day of November in each of the years 2013 through 2027, and on the 31st day of May in the years 2014 through 2028, inclusive, if not theretofore paid, and shall become delinquent on such date unless paid in full. The first partial payment of each assessment shall include interest on the entire assessment from the date of original registration of the Bonds to January 1, 2014. The assessments shall constitute a lien upon and against the property against which they are made and levied, which lien may be extinguished only by payment of the assessment with all penalties, cost and interest as provided in Section 7-12-4191 of the Act. No tax deed issued with respect to any lot or parcel of land shall operate as payment of any installment of the assessment thereon which is payable after the execution of such deed, and any tax deed so issued shall convey title subject only to the lien of said future installments, as provided in Montana Code Annotated, Section 15-18-214.

4.03. Reassessment. If at any time and for whatever reason any special assessment or tax herein agreed to be levied is held invalid, the City and this Council, its officers and employees, will take all steps necessary to correct the same and to reassess and re-levy the same, including the ordering of work, with the same force and effect as if made at the time provided by law, ordinance or resolution relating thereto, and will reassess and re-levy the same with the same force and effect as an original levy thereof, as authorized in Section 7-12-4186 of the Act. Any special assessment, or reassessment or re-levy shall, so far as is practicable, be levied and collected as it would have been if the first levy had been enforced including the levy and collection of any interest accrued on the first levy.

If proceeds of the Bonds, including investment income thereon, are applied to the redemption of such Bonds, as provided in Sections 7-12-4205 and 7-12-4206 of the Act, or if refunding bonds are issued and the principal amount of the outstanding Bonds of the District is decreased or increased, the City will reduce or increase, respectively, the assessments levied in the District and then outstanding pro rata by the principal amount of such prepayment or the increment above or below the outstanding principal amount of bonds represented by the refunding bonds. The City and this Council, its officers and employees will reassess and re-levy

such assessments, with the same effect as an original levy, in such reduced or increased amounts in accordance with the provisions of Sections 7-12-4176 through 7-12-4178 of the Act.

4.04. Absence of Litigation. There is now no litigation pending or, to the best knowledge of the City, threatened questioning the validity or regularity of the creation of the District, the contracts for construction of the Improvements or the undertaking and agreement of the City to levy special assessments therefor and to make good any deficiency in the collection thereof through the levy of taxes for and the making of advances from the Revolving Fund, or the right and power of the City to issue the Bonds or in any manner questioning the existence of any condition precedent to the exercise of the City's powers in these matters. If any such litigation should be initiated or threatened, the City will forthwith notify in writing the Purchaser, and will furnish the Purchaser a copy of all documents, including pleadings, in connection with such litigation.

4.05. Waiver of Penalty and Interest. The City covenants not to waive the payment of penalty or interest on delinquent assessments levied on property in the District for costs of the Improvements, unless the City determines, by resolution of the Council, that such waiver is in the best interest of the owners of the outstanding Bonds.

#### Section 5. Tax Matters.

5.01. Use of Improvements. The Improvements will be owned and operated by the City and available for use by members of the general public on a substantially equal basis. The City shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the Improvements or security for the payment of the Bonds which might cause the Bonds to be considered "private activity bonds" or "private loan bonds" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code").

5.02. General Covenant. The City covenants and agrees with the owners from time to time of the 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 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 Bonds will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

5.03. Arbitrage Certification. The Mayor, the City Finance Director and the City Clerk, being the officers of the City charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the 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 Bonds, it is reasonably expected that the proceeds of the Bonds will be used in a manner that would not cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations.

5.04. Arbitrage Rebate. The City acknowledges that the 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 Bonds from gross income for federal income tax purposes, unless the Bonds qualify for the exception from the rebate requirement under Section 148(f)(4)(B) of the Code and no “gross proceeds” of the 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 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.

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

#### Section 6. Escrow; Redemption of Refunded Bonds.

6.01. Escrow. Simultaneously with the delivery of the Bonds, the City Finance Director shall cause to be deposited in the Escrow Account established with the Escrow Agent under an Escrow Agreement hereinafter described, \$5,814,617.57 (representing a sum equal to \$406,672.50 of funds in the debt service account for the Series 2008 Bonds and proceeds of the Bonds in the amount of \$5,407,945.07), for the purchase of securities and establishment of the beginning cash balance for the Escrow Account for the payment on the regular payments dates of all principal and interest to become due on the Refunded Bonds to and including July 1, 2015 and the redemption and prepayment on July 1, 2015 of the Refunded Bonds with stated maturities in the year 2016 and thereafter, all as set forth in the Escrow Agreement between the City-County and U.S. Bank National Association (the “Escrow Agreement”). The City Finance Director shall cause the amount so deposited to be invested in general obligations of the United States or securities the principal of and interest on which are guaranteed by the United States and which are authorized by law to be so deposited, maturing on the dates and bearing interest at the rates required to provide funds together with the beginning cash balance sufficient to refund the Refunded Bonds. The Escrow Account and all investments thereof shall be held in safekeeping by said Escrow Agent, and said account and all income therefrom are irrevocably appropriated for the purposes stated in this Section 6.01. The Mayor, City Finance Director and City Clerk are hereby authorized to enter into an Escrow Agreement with U.S. Bank National Association, in the form which has been presented to this Council attached hereto as Exhibit C, with such additions thereto or deletions therefrom as are necessary or appropriate. Upon the establishment and funding of the escrow account pursuant to this Section 6.01, the Refunded Bonds shall no longer be considered outstanding.

6.02. Redemption. The Refunded Bonds with stated maturities in the year 2016 and thereafter are hereby called for redemption on July 1, 2015.

Section 7. Authentication of Transcript. The officers of the City are hereby authorized and directed to furnish to the Purchaser and to Bond Counsel certified copies of all proceedings relating to the issuance of the Bonds and such other certificates and affidavits as may be required

to show the right, power and authority of the City to issue the Bonds, and all statements contained in and shown by such instruments, including any heretofore furnished, shall constitute representations of the City as to the truth of the statements purported to be shown thereby.

Section 8. Discharge.

8.01. General. When the liability of the City on all Bonds issued under and secured by this Resolution has been discharged as provided in this Section 8, all pledges, covenants and other rights granted by this Resolution to the owners of such obligations shall cease.

8.02. Payment. The City may discharge its liability with reference to any Bond or installment of interest thereon which is due on any date by depositing with the Registrar on or before that date funds sufficient, or, if a City officer is the Registrar, mailing to the registered owner of such Bond a check or draft in a sum sufficient and providing proceeds available, for the payment thereof in full; or if any Bond or installment of interest thereon shall not be paid when due, the City may nevertheless discharge its liability with reference thereto by depositing with the Registrar funds sufficient, or, if a City officer is the Registrar, by mailing to the registered owner thereof a check or draft in a sum sufficient and providing proceeds available, for the payment thereof in full with interest accrued to the date of such deposit or mailing.

8.03. Prepayment. The City may also discharge its obligations with respect to any Bonds called for redemption on any date when they are prepayable according to their terms, by on or before that date depositing with the Registrar funds sufficient, or, if a City officer is the Registrar, mailing to the registered owner of such Bond a check or a draft in a sum sufficient and providing proceeds available, for the payment of the principal, interest and redemption premium, if any, which are then due; provided that notice of such redemption has been duly given as provided herein or irrevocably provided for.

8.04. Escrow. The City may also at any time discharge its liability in its entirety with reference to the Bonds, 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 securities 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 and interest to become due on all Bonds on or before maturity or, if any Bond has been duly called for redemption or notice of such redemption has been irrevocably provided for, on or before the designated redemption date.

8.05. Irrevocable Deposits. If an officer of the City is the Registrar, any deposit made under this Section 8 with the Registrar shall be irrevocable and held for the benefit of the owners of Bonds in respect of which such deposits have been made.

Section 9. 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 any provisions of this Section 9, 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 any agreement or covenant contained in this Section 9, 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 herein, in no event shall a default under this Section 9 constitute a default under the Bonds or under any other provision of this Resolution.

As used in this Section 9, "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 9, "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:

(1) 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 and a statement of operations, changes in fund balances and cash flows 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 paragraph (A) hereof, the information of the type set forth below, which information may be unaudited, but is to be certified as to accuracy and completeness in all material respects by the City Finance Director to the best of his or her knowledge, which certification may be based on the reliability of information obtained from third party sources:

(1) information, for such fiscal year, relating to Special Improvement District No. 1385 assessments, collections, investment earnings and debt service payments, amounts on hand in the Revolving Fund and transfers in and out contained in the tables under the captions “The District—Assessments,” “The Revolving Fund—The Revolving Fund and Outstanding Special Improvement District Bonds and Sidewalk, Curb, Gutter and Alley Bonds,” “The Revolving Fund—Statement of Changes in Fund Balance of the Revolving Fund,” “The Revolving Fund—Special Assessment Billings and Collections” and “Future Financings” in the Official Statement;

(2) information, as of January 1 for the current tax year, relating to the appraised value and taxable value of taxable property in the District;

(3) information, as of the most recent date available, regarding employment in the Billings MSA, the State of Montana and the United States of the type contained in the table under the caption “City Demographic Information—Yellowstone County Annual Average Labor Force and Employment” in Appendix III to the Official Statement; and

(4) Information, as of the most recent date available, regarding the larger employers in the Billings MSA, identifying the employer and estimated number of employees of the type contained in the table under the caption “City Demographic Information—Major Employers within the Billings MSA” in Appendix III to the Official Statement; and

(5) Information, as of the end of the most recent fiscal year, regarding the direct debt of the City, including debt evidenced by special improvement district bonds, overlapping general obligation debt and debt ratios of the type contained under the caption “City Indebtedness” in Appendix III to the Official Statement.

Notwithstanding the foregoing paragraph, 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 10 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 this Section 9 is amended as permitted by this paragraph (b)(1) or subsection (d), then the City shall include in the next Disclosure Information to be delivered hereunder, 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 hereunder 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 required under paragraph (b)(1) at the time specified thereunder;

(B) the amendment or supplementing of this Section 9 pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);

(C) the termination of the obligations of the City under this Section 9 pursuant to subsection (d); 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.

(1) The covenants of the City in this Section 9 shall remain in effect so long as any Bonds are outstanding.

(2) This Section 9 (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, the District Fund and the Revolving Fund of the City or the type of operations conducted by the City or the District, or (B) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule.

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.

(3) This Section 9 is entered into as a continuing disclosure undertaking to provide continuing disclosure identical to that required by 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, assuming it was otherwise applicable to the Bonds.

(e) Further Limitation of Liability of City. In and to the extent the limitations of liability contained in subsection (a) are not effective, anything contained in this Section 9 to the contrary notwithstanding, in making the agreements, provisions and covenants set forth in this Section 9, the City has not obligated itself except with respect to the assessments and the Revolving Fund. None of the agreements or obligations of the City contained herein shall be construed to constitute an indebtedness of the City within the meaning of any constitutional or statutory provisions whatsoever or constitute a pledge of the general credit or taxing powers of the City.

#### Section 10. Repeals and Effective Date.

10.01. 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.

10.02. 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  
28th day of May, 2013.

\_\_\_\_\_  
Mayor

Attest: \_\_\_\_\_  
City Clerk

(SEAL)

EXHIBIT A

UNITED STATES OF AMERICA  
STATE OF MONTANA  
YELLOWSTONE COUNTY

CITY OF BILLINGS

SPECIAL IMPROVEMENT DISTRICT NO. 1385 REFUNDING BONDS,  
SERIES 2013

Interest at the rate per annum specified below,  
payable on the 1<sup>st</sup> day of January and the 1<sup>st</sup> day of July  
in each year, commencing January 1, 2014.

No. \_\_\_\_\_ \$ \_\_\_\_\_ .00

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
%	July 1,	June 5, 2013	[_____]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ AND NO/100 DOLLARS

FOR VALUE RECEIVED, the City of Billings, Montana (the "City"), will pay to the registered owner identified above, or registered assigns, on the maturity date specified above the principal amount specified above, solely from the revenues hereinafter specified, as authorized by Resolution No. [\_\_\_], adopted May 28, 2013 (the "Resolution"), all subject to the provisions hereinafter described relating to the redemption of this Bond before maturity. This Bond bears interest at the rate per annum specified above from the date of original issue specified above, or from such later date to which interest hereon has been paid or duly provided for, until the maturity date specified above or an earlier date on which this Bond shall have been duly called for redemption by the City Finance Director. Interest on this Bond is payable semiannually on the 1st day of January and the 1st day of July in each year, commencing January 1, 2014, to the owner of record of this Bond appearing as such in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. Interest on and, upon presentation and surrender hereof at the operations center of the bond registrar and paying agent hereinafter named, the principal of this Bond are payable by check or draft of U.S. Bank National Association, as Registrar, Transfer Agent and Paying Agent, at its operations center in St. Paul, Minnesota, or its successor designated under the Resolution (the "Registrar"). 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 an issue in the aggregate principal amount of \$5,545,000 (the "Bonds"), all of like date of original issue and tenor, except as to serial number, denomination, date, interest rate, maturity date and redemption rights. The Bonds are issued pursuant to and in full conformity with the Constitution and laws of the State of Montana thereunto enabling, including Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended (the "Act"), and ordinances and resolutions duly adopted by the governing body of the City, including the Resolution, for the purpose of providing funds to refund in advance of their maturities the City's Special Improvement District No. 1385 Bonds, Series 2008, with stated maturities in the year 2014 and thereafter, to fund a deposit to the City's Special Improvement District Revolving Fund (the "Revolving Fund") and to pay costs of issuance of the Bonds. The Bonds are issuable only as fully registered bonds of single maturities in denominations of \$5,000 or any integral multiple thereof.

This Bond is payable from the collection of a special tax or assessment levied upon all assessable real property within the boundaries of the City's Special Improvement District No. 1385 (the "District") benefited by the Improvements that have not had Original Assessments prepaid, in an aggregate principal amount not less than \$5,545,000, except as such amount may be reduced or increased in accordance with provisions of Montana law. Such assessments constitute a lien against the property against which they are made and levied and are to be deposited into the Special Improvement District No. 1385 Fund of the City (the "District Fund"). The Bonds are not general obligations of the City.

The City has validly established the Revolving Fund to secure the payment of certain of its special improvement and sidewalk, curb, gutter and alley approach bonds and warrants, including the Bonds. The City has also agreed, to the extent permitted by the Act, to issue orders annually, or more often as necessary, authorizing loans or advances from the Revolving Fund to the District Fund, in amounts sufficient to make good any deficiency in the District Fund to pay principal of or interest on the Bonds, to the extent money is available in the Revolving Fund, and to provide funds for the Revolving Fund by annually levying such tax or making such loan from its general fund, subject to the limitation that no such tax levy or loan may in any year cause the balance in the Revolving Fund to exceed five percent of the principal amount of the City's then outstanding special improvement and sidewalk, curb, gutter and alley approach bonds and warrants secured thereby and subject to the durational limitations specified in the Act. While any property tax levy to be made by the City to provide funds for the Revolving Fund is subject to levy limits under current law, the City has agreed in the Resolution to levy property taxes to provide funds for the Revolving Fund to the extent described in this paragraph and, if necessary, to reduce other property tax levies correspondingly to meet applicable levy limits.

The Bonds are subject to mandatory redemption in order of stated maturities and within a stated maturity in \$5,000 principal amounts selected by lot or other manner deemed fair by the

Registrar, on any interest payment date if, after paying all principal and interest then due on the Bonds, there are funds to the credit of the District Fund, from the prepayment of assessments levied in the District, for the redemption thereof, and in the manner provided for the redemption of the same. In addition, the Bonds with stated maturities on or after July 1, 2016 will be subject to redemption on July 1, 2015 and any date thereafter, at the option of the City, in whole or in part, on any interest payment date. The redemption price is equal to the principal amount of the Bonds to be redeemed plus interest accrued thereon to the date of redemption. The date of redemption and principal amount of Bonds to be redeemed shall be fixed by the City Finance Director, who shall give notice thereof to the Registrar 45 days prior to the date set for redemption in order for the Registrar to give notice, by first class mail, postage prepaid, or by other means required by the securities depository, to the owner or owners of such Bonds at their addresses appearing on the bond register, of the numbers of the Bonds or portions thereof to be redeemed and the date on which payment will be made, which date shall not be less than 30 days after the date of mailing of notice. On the date so fixed interest on the Bonds or portions thereof so redeemed shall cease to accrue. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

The Bonds having stated maturities in 2021, 2025, and 2028 (the “Term Bonds”) are subject to mandatory sinking fund redemption on July 1 in the respective years and the respective principal amounts set forth below, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date:

<u>2021 Term Bond</u>	
<u>Year</u>	<u>Amount</u>
2020	\$360,000
2021*	365,000

\*Final Maturity

<u>2025 Term Bond</u>	
<u>Year</u>	<u>Amount</u>
2024	\$375,000
2025*	385,000

\*Final Maturity

<u>2028 Term Bond</u>	
<u>Year</u>	<u>Amount</u>
2026	\$385,000
2027	395,000
2028*	395,000

\*Final Maturity

If the Bonds with stated maturities in 2021, 2025 and 2028 are not previously purchased by the City in the open market or prepaid, \$365,000 in principal amount of such Bond would remain to mature in 2021, \$385,000 in principal amount of such Bond would remain to mature in 2025, and \$395,000 in principal amount of such Bond would remain to mature in 2028. The

principal amounts of the Term Bonds required to be redeemed on the above mandatory sinking fund redemption dates shall be reduced by the principal amount of such Bond theretofore redeemed at the option of the City and as to which the City has not previously applied amounts to reduce the principal amount of such bond on a mandatory sinking fund redemption date.

As provided in the Resolution and subject to certain limitations set forth therein, this 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 Bonds of other authorized denominations. Upon such transfer or exchange, the City will cause a new 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, RECITED, COVENANTED AND AGREED that all things required to be done precedent to the issuance of this Bond have been properly done, happened and been performed in the manner prescribed by the laws of the State of Montana and the resolutions and ordinances of the City of Billings, Montana, relating to the issuance hereof.

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 Transfers to Minors  
Act .....  
(State)

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

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  
FORM OF DTC LETTER

EXHIBIT C  
FORM OF ESCROW AGREEMENT

## ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this “Agreement”) is made and executed between the City of Billings, Montana (the “City”), and U.S. Bank National Association, in Seattle, Washington (the “Agent”). The parties hereto recite and, in consideration of the mutual covenants and payments referred to and contained herein, covenant and agree as follows:

1. The City, in accordance with a resolution of its City Council adopted on May 28, 2013, sold its Special Improvement District No. 1385 Refunding Bonds, Series 2013, dated, as originally issued, as of the date hereof, in the aggregate principal amount of \$5,545,000 (the “Series 2013 Bonds”), which Series 2013 Bonds mature on July 1 in each year from 2013 to 2028, for the purpose of providing funds for the refunding, paying and redeeming of the City’s Special Improvement District No. 1385 Bonds, Series 2008, dated, as originally issued, as of October 1, 2008 (the “Series 2008 Bonds”), with stated maturities in 2014 and thereafter, and outstanding in the aggregate principal amount of \$4,945,000 (the “Refunded Bonds”), funding a deposit to the Special Improvement District Revolving Fund of the City (the “Revolving Fund”) and paying costs of issuance of the Series 2013 Bonds, and has directed that the net proceeds of the Series 2013 Bonds (\$5,472,915.00, reflecting an underwriter’s discount of \$72,085.00) be applied as follows: (i) \$5,407,943.50 to the payment of the purchase price of securities that are identified as restricted securities on Exhibit A hereto (the “Restricted Securities”) for credit to the Escrow Account (as hereinafter defined); (ii) \$1.57 to establish a beginning cash balance in the Escrow Account; (iii) \$55,719.93 to the payment of costs of issuance of the Series 2013 Bonds and the refunding of the Refunded Bonds; and (iv) \$9,250.00 to fund a deposit to the Revolving Fund. The City has appropriated \$406,672.50 of the funds in the debt service account for the Series 2008 Bonds for payment of a portion of the purchase price of the Restricted Securities.

2. The Agent acknowledges receipt of the securities and cash described in Exhibit A hereto (which is hereby incorporated herein and made a part hereof) and agrees that it will hold such securities and cash in a special segregated escrow account in the name of the City, that it will account separately for the Restricted Securities and the cash balance apportioned to each refunding (the “Escrow Account”), that it will collect and receive on behalf of the City all payments of principal of and interest on such securities and that it will remit from the Escrow Account to the paying agent of the Series 2008 Bonds the funds required for the payment of principal of the Refunded Bonds and interest thereon as shown on the attached Exhibit B (which is hereby incorporated herein and made a part hereof).

The Agent shall:

(i) within 10 days of the date hereof, provide notice of the defeasance of the Refunded Bonds (in the form of Exhibit C-1 hereto (which is incorporated herein and made a part hereof)) by telecopy, overnight delivery, mail or other means, as appropriate, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system website (“EMMA”); and

(ii) not less than 30 days prior to July 1, 2015, provide notice of the redemption of the Refunded Bonds with stated maturities in the year 2016 and thereafter

(in the form of Exhibit C-2 hereto (which is incorporated herein and made a part hereof)), by first class mail, or by other means required by The Depository Trust Company, of New York, New York (“DTC”), to the registered owners of such Bonds to be redeemed at their addresses as they appear on the Bond Register, as required by Section 2.06 of the resolution of the City Council of the City adopted October 14, 2008, authorizing the issuance of the Series 2008 Bonds (the “2008 Resolution”).

After provision for payment of all Refunded Bonds with interest accrued thereon, the Agent will remit any remaining funds in the Escrow Account to the City, which will hold said sum of cash in the Debt Service Account for the Series 2013 Bonds for application toward the payment of the interest to become due on the Series 2013 Bonds on January 1, 2016.

In the opinion of Barthe & Wahrman, PA, of Minneapolis, Minnesota, (i) the Restricted Securities deposited in the Escrow Account and described in Exhibit A hereto mature at such times and bear interest at such rates that the collections of principal thereof and interest thereon, together with the beginning cash balance in the account, will be sufficient to pay on the regular payment dates all of the principal and interest to become due on the Refunded Bonds to and including July 1, 2015 and the redemption and prepayment on July 1, 2015 of the Refunded Bonds with stated maturities in 2016 and thereafter, as described in Exhibit B hereto, including all interest accrued thereon, and (ii) the Restricted Securities bear interest at a yield that is not in excess of the yield of the Series 2013 Bonds.

3. The federal securities described in Exhibit A hereto may, at the written direction of the City, be replaced, in whole or in part, with general obligations of the United States or securities the principal and interest on which are guaranteed by the United States and which are authorized by law to be so deposited, and which mature as to principal and interest in such amounts and at such times as will assure the availability of sufficient moneys to make payment when due of the principal and redemption price of the Refunded Bonds, at the stated maturities or upon the redemption thereof, plus interest on the Refunded Bonds to the respective maturity or redemption date thereof; provided, however, that concurrently with such written direction, the City shall provide the Agent with (a) a certification of an independent certified public accountant as to the sufficiency of such securities to be subject to this Agreement following such replacement and as to the yields thereof, setting forth in reasonable detail the calculations underlying such certification, and (b) an unqualified opinion of nationally recognized bond counsel to the effect that such replacement (1) will not cause any Refunded Bonds or the Series 2013 Bonds to be subjected to treatment as an “arbitrage bond,” as defined in Section 148(a) of the Internal Revenue Code of 1986, as amended (“the Code”), and (2) is otherwise in compliance with this Agreement and the 2008 Resolution.

Any replacement authorized by this Section 3 shall be accomplished by sale, transfer, request for redemption or other disposition of all or a portion of the federal securities described in Exhibit A hereto with the proceeds thereof being applied to the purchase of substitute federal securities or other eligible securities, all as specified in the written direction of the City.

The City acknowledges that regulations of the Comptroller of the Currency grant the City the right to receive brokerage confirmations of the security transactions as they occur. The City

specifically waives such notification to the extent permitted by law and will receive periodic cash transaction statements from the Agent which will detail all investment transactions

4. In order to ensure continuing compliance with Section 148 of the Code and applicable Treasury Regulations, the Agent agrees that it will not reinvest any cash received in payment of the principal of and interest on the federal securities held in the Escrow Account. Said prohibition on reinvestment shall continue unless and until an opinion is received from nationally recognized bond counsel that reinvestments in general obligations of the United States or obligations the principal of and interest on which are guaranteed as to payment by the United States, as specified in said opinion, may be made in a manner consistent with said Section 148 and then existing Treasury Regulations.

5. The Agent also acknowledges receipt of a sum described in a letter agreement between the City and the Agent, as and for full compensation for all services to be performed by it as Agent under this Agreement, and the Agent expressly waives any lien upon or claim against the moneys and investments in the Escrow Account.

6. If at any time it shall appear to the Agent that the money in the Escrow Account will not be sufficient to make any payment due to the owners of any of the Refunded Bonds, the Agent shall immediately notify the City. Upon receipt of such notice, the City shall forthwith transmit to the Agent for deposit in the Escrow Account from moneys on hand and legally available therefor, such additional moneys as may be required to make any such payment.

7. On each January 1 and July 1, commencing July 1, 2013, the Agent shall submit to the City a report covering all money it shall have received and all payments it shall have made or caused to be made hereunder. Such report shall also list all obligations held in the Escrow Account and the amount of money existing in the Escrow Account, if any, on such dates.

8. It is recognized that title to the securities and moneys held in the Escrow Account from time to time shall remain vested in the City but subject always to the prior charge and lien thereon of this Agreement and the use thereof required to be made by the provisions of this Agreement. The Agent shall hold all such money and obligations in the Escrow Account as a special trust fund and account separate and wholly segregated from all other funds and securities of the Agent on deposit therein and shall never commingle such money or securities with other money or securities. It is understood and agreed that the responsibility of the Agent under this Agreement is limited to the safekeeping and segregation of the funds and securities deposited with it in the Escrow Account and the collection of and accounting for the principal and interest payable with respect thereto.

9. This Agreement is made by the City for the benefit of the owners of the Refunded Bonds and is not revocable by the City, and the investments and other funds deposited in the Escrow Account and all income therefrom have been irrevocably appropriated for the payment and redemption of the Refunded Bonds and interest thereon, in accordance with this Agreement.

10. This Agreement shall be binding upon and shall inure to the benefit of the City and the Agent and their respective successors and assigns. In addition, this Agreement shall constitute a third-party beneficiary contract for the benefit of the owners of the Refunded Bonds.

Said third-party beneficiaries shall be entitled to enforce performance and observance by the City and the Agent of the respective agreements and covenants herein contained as fully and completely as if said third-party beneficiaries were parties hereto. Any bank or trust company into which the Agent may be merged or with which it may be consolidated or any bank or trust company resulting from any merger or consolidation to which it shall be a party or any bank or trust company to which it may sell or transfer all or substantially all of its corporate trust business shall, if the City approves, be the successor agent hereunder without the execution of any additional document or the performance of any further act.

11. This Agreement may not be amended except to (i) sever any clause herein deemed to be illegal, (ii) provide for the substitution of securities as permitted by Sections 3 and 4 hereof or (iii) cure any ambiguity or correct or supplement any provision herein which may be inconsistent with any other provision; provided that the Agent shall determine that any such amendment shall not adversely affect the owners of the Refunded Bonds.

IN WITNESS WHEREOF the parties hereto have caused this Escrow Agreement to be duly executed by their duly authorized officers, as of June 5, 2013.

CITY OF BILLINGS, MONTANA

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Mayor

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Finance Director

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City Clerk

U.S. BANK NATIONAL ASSOCIATION,  
as Escrow Agent

By \_\_\_\_\_  
Its Vice President

(Signature page to Escrow Agreement, dated June 5, 2013,  
with the City of Billings, Montana)

EXHIBIT A

\$5,545,000  
Special Improvement District No. 1385 Refunding Bonds, Series 2013  
City of Billings, Montana

Cash: \$1.57

Restricted Securities:

*U.S. Treasury Obligations*  
*—State and Local Government Series (SLGS)*

<u>Type</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
Certificate	07/01/2013	\$ 406,672	
Certificate	01/01/2014	173,417	0.080%
Note	07/01/2014	399,323	0.120
Note	01/01/2015	167,531	0.170
Note	07/01/2015	4,667,673	0.230

EXHIBIT B

\$5,545,000  
Special Improvement District No. 1385 Refunding Bonds, Series 2013  
City of Billings, Montana

**DEBT SERVICE SCHEDULE FOR  
REFUNDED BONDS**

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal Redeemed</u>	<u>Total</u>
07/01/2013	\$220,000.00	\$186,672.50		\$ 406,672.50
01/01/2014	0.00	180,072.50		180,072.50
07/01/2014	225,000.00	180,072.50		405,072.50
01/01/2015	0.00	173,041.25		173,041.25
07/01/2015	235,000.00	173,041.25	\$4,265,000.00	4,673,041.25

**EXHIBIT C-1**

**NOTICE OF DEFEASANCE**

**Special Improvement District No. 1385 Bonds, Series 2008  
City of Billings, Montana**

NOTICE IS HEREBY GIVEN that pursuant to and under the authority of the resolution of the City of Billings, Montana, authorizing the issuance thereof, all of the outstanding Special Improvement District No. 1385 Bonds, Series 2008, dated, as originally issued, as of October 1, 2008, which mature on July 1 in the years and amounts and bear interest and CUSIP numbers as set forth below (the “Defeased Bonds”), are now payable from an escrow account established with U.S. Bank National Association, as escrow agent:

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>
2013	\$220,000	6.00%	090095 4U1
2014	225,000	6.25	090095 4V9
2015	235,000	6.50	090095 4W7
2016	245,000	6.75	090095 4X5
2017	255,000	7.00	090095 4Y3
2018	265,000	7.20	090095 4Z0
2019	280,000	7.40	090095 5A4
2020	290,000	7.60	090095 5B2
2021	305,000	7.70	090095 5C0
2022	320,000	7.80	090095 5D8
2023	335,000	7.90	090095 5E6
2024	355,000	8.00	090095 5F3
2025	375,000	8.05	090095 5G1
2026	390,000	8.10	090095 5H9
2027	415,000	8.15	090095 5J5
2028	435,000	8.20	090095 5K2

The escrow account, comprising general obligations of the United States and cash, has been established with the escrow agent, to pay principal of and interest on all Defeased Bonds as such become due through July 1, 2015, on which date the remaining outstanding Defeased Bonds will be paid in full or will be prepaid and redeemed at a redemption price equal to 100% of the principal amount thereof plus interest accrued to the date of redemption, without premium. The Defeased Bonds are deemed to have been paid in accordance with the resolution authorizing their issuance, and are secured by and payable from the escrow account. A further notice of redemption with respect to Defeased Bonds with maturities in the year 2016 and thereafter will be given in accordance with the requirements of the resolution authorizing the Defeased Bonds. As of the date hereof, the continuing disclosure requirements set forth in the resolution authorizing the Defeased Bonds shall terminate.

Dated: June 5, 2013.

CITY OF BILLINGS, MONTANA

By /s/Patrick M. Weber  
City Finance Director

U.S. BANK NATIONAL ASSOCIATION

By \_\_\_\_\_  
Its \_\_\_\_\_

**EXHIBIT C-2**

**NOTICE OF REDEMPTION**

**Special Improvement District No. 1385 Bonds, Series 2008  
City of Billings, Montana**

NOTICE IS HEREBY GIVEN that the City of Billings, Montana (the "City"), has called for redemption all of its Special Improvement District No. 1385 Bonds, Series 2008, dated, as originally issued, as of October 1, 2008, maturing on July 1 in the years and amounts and bearing interest and CUSIP numbers as set forth below:

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>
2016	245,000	6.75	090095 4X5
2017	255,000	7.00	090095 4Y3
2018	265,000	7.20	090095 4Z0
2019	280,000	7.40	090095 5A4
2020	290,000	7.60	090095 5B2
2021	305,000	7.70	090095 5C0
2022	320,000	7.80	090095 5D8
2023	335,000	7.90	090095 5E6
2024	355,000	8.00	090095 5F3
2025	375,000	8.05	090095 5G1
2026	390,000	8.10	090095 5H9
2027	415,000	8.15	090095 5J5
2028	435,000	8.20	090095 5K2

Such bonds have been called for redemption on July 1, 2015, and interest thereon will cease to accrue from and after said date. The redemption price is equal to 100% of the principal amount of the bonds plus interest accrued to the date of redemption, without premium.

Holders of such bonds maturing in said years should surrender their bonds for payment to U.S. Bank National Association, of Seattle, Washington, as paying agent, for payment on July 1, 2014 at its operations center at 60 Livingston Avenue - Bond Drop Window, St. Paul, Minnesota 55107 or if by mail to P.O. Box 64111, St. Paul, Minnesota 55164-0111.

**Important Notice:**

We are required by law to withhold an applicable portion of the principal amount of your holdings redeemed unless we are provided with your social security number or federal employer identification number, properly certified. Accordingly, you are instructed to submit at the time of surrender of your bonds a W-9 Form which may be obtained at a bank or other financial institution.

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time the payment is made if the tax identification number is not properly certified.

The paying agent shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Redemption Notice. It is included solely for the convenience of the holders.

Interest on the bonds shall cease to accrue on July 1, 2015 and the holders thereof shall have no further rights with respect thereto except to receive the redemption price so deposited.

Dated: May 25, 2015.

BY ORDER OF THE CITY COUNCIL  
OF THE CITY OF BILLINGS, MONTANA  
/s/Patrick M. Weber  
City Finance Director

U.S. BANK NATIONAL ASSOCIATION  
By \_\_\_\_\_  
Its \_\_\_\_\_