

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 Resolution No. \_\_\_\_\_, entitled: "RESOLUTION RELATING TO TAX INCREMENT URBAN RENEWAL REVENUE BONDS (EAST BILLINGS URBAN RENEWAL DISTRICT), SERIES 2015; AUTHORIZING THE ISSUANCE AND PRIVATE NEGOTIATED SALE THEREOF" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City at a regular meeting on May 11, 2015, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

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

WITNESS my hand officially this 11th day of May, 2015.

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

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

RESOLUTION RELATING TO TAX INCREMENT URBAN  
RENEWAL REVENUE BONDS (EAST BILLINGS URBAN  
RENEWAL DISTRICT), SERIES 2015; AUTHORIZING THE  
ISSUANCE AND PRIVATE NEGOTIATED SALE THEREOF

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

Section 1. Recitals.

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

1.02. Pursuant to the Act and Ordinance No. 06-5395 adopted on October 23, 2006, as amended by Ordinance No. 15-5652 adopted on April 27, 2015 (as so amended, the “Ordinance”), the Council created the East Billings Urban Renewal District (the “District”) and approved the East Billings Urban Renewal District Plan (the “East Billings Plan”) for the District containing a tax increment financing provision.

1.03. Following a duly noticed public hearing and pursuant to Ordinance No. 15-5652 adopted on April 27, 2015, the City declared as an urban renewal project under the Act, the reconstruction of North 9th Street, North 10th Street, 2nd Avenue North and 3rd Avenue North (from Main Street to North 11th Street and between 1st Avenue North to 4th Avenue North), including full street construction, sidewalk, bulb-outs at the corners, on-street parking, new sanitary sewer, new water mains and storm drain upgrades (the “Exposition Gateway Project”), and also declared its intention to use tax increment revenue received in the District to finance the Exposition Gateway Project.

Section 2. Authorizations. Pursuant to the authorizations and findings recited in the Plan and in Section 1 hereof, it is hereby determined that it is in the best interests of the City to offer for sale its Tax Increment Urban Renewal Revenue Bonds (East Billings Urban Renewal District), Series 2015 (the “Series 2015 Bonds”), in the maximum aggregate principal amount of \$3,300,000, for the purpose of financing the Exposition Gateway Project, funding a deposit to a debt service reserve account for the Series 2015 Bonds, and paying costs of issuance of the Series 2015 Bonds, as determined by the officers of the City identified pursuant to, and subject to the limitations set forth in, Section 4 hereof.

Section 3. Adequacy of Tax Increment. There are no other bonds or other obligations of the City payable from tax increment received in the District except the following reimbursement obligations which are payable on a subordinate basis to the Series 2015 Bonds:

(i) Pursuant to the Development Agreement between the City and First Interstate Bank of Billings, N.A. (“**FIB**”), the City has agreed to reimburse FIB for the costs of certain public improvements in connection with the construction of an operations center in the District (the “**FIB Project**”). The maximum aggregate amount of the reimbursement obligation is \$1,193,154.09, to be reimbursed in annual installments commencing with tax year 2009 in an amount equal to the *lesser* of (i) 45% of the tax increment received by the City from the FIB Project and (ii) 45% of the tax increment received by the City from the District. Based on tax increment of \$211,497 received by the City from the FIB Project in 2014, the City estimates that the tax increment from the FIB Project will be at least \$211,497 per year. The annual reimbursement to FIB is estimated to be \$95,174 ( $\$211,497 \times 45\%$ ). The outstanding principal amount of the reimbursement obligation is \$650,698.09.

(ii) Pursuant to the Development Agreement between the City and GSA Billings, L.C. (“**GSA**”), the City has agreed to reimburse GSA for the costs of certain public improvements in connection with the construction of an office facility in the District (the “**GSA Project**”). The maximum aggregate amount of the reimbursement obligation is \$613,741.60, to be reimbursed in annual installments commencing with tax year 2013 in an amount equal to the *lesser* of (i) 45% of the tax increment received by the City from the GSA Project and (ii) \$76,717. Based on tax increment from the FIB Project of \$160,363 received by the City from the GSA Project in 2014, the City estimates that the tax increment from the GSA Project will be at least \$160,363 per year. As stated above, the annual reimbursement to GSA under the Development Agreement is estimated to be \$76,717 (the maximum amount payable as set forth above). The outstanding principal amount of the reimbursement obligation is \$397,252.60.

The City estimates that tax increment from the District will be at least \$674,000 per year (based on tax increment from the District of \$674,000 received by the City in 2014). The maximum annual payment of principal and interest on the Series 2015 Bonds, assuming an average interest rate of 5.25% per annum and a term ending July 1, 2039, is \$242,518.76. Taking into account the annual reimbursement to FIB of \$95,174 and the annual reimbursement to GSA of \$76,717, there will be adequate tax increment from the District to pay principal and interest on the Series 2015 Bonds.

#### Section 4. Negotiated Sale and Terms.

4.01. This Council hereby determines that it would be in the best interests of the City to sell the Series 2015 Bonds through a private negotiated sale to D.A. Davidson & Co., Great Falls, Montana (the “Purchaser”).

4.02. The Series 2015 Bonds shall be sold to the Purchaser on terms and at a purchase price within the following limitations and conditions: (1) the maximum aggregate principal

amount of the Series 2015 Bonds, exclusive of original issue discount or premium, shall not exceed \$3,300,000; (2) the maximum true interest cost on the Series 2015 Bonds shall not exceed 5.25%; (3) the purchase price of the Series 2015 Bonds shall not be less than 98.8% of the principal amount thereof, exclusive of original issue premium or discount; and (4) the final stated maturity of the Series 2015 Bonds shall not be later than 25 years from their date of issue. All costs of issuing the Series 2015 Bonds (including, without limitation, the fees and expenses of bond counsel, the fees of the paying agent and registrar, the preliminary and final Official Statement costs, and the costs of printing the Series 2015 Bonds) shall be paid by the City.

4.03. The City Administrator and the City Finance Director, in consultation with Springsted Incorporated, the City's Financial Advisor, are hereby authorized and directed to approve the principal amount, maturity dates, interest rates and redemption provisions of the Bonds and compensation to the Purchaser, subject to the limitations contained in this Section 3. Upon approving such terms, the City Administrator and the City Finance Director are hereby authorized and directed to approve, execute and deliver to the Purchaser a bond purchase agreement (the "Bond Purchase Agreement"), containing the agreement of the City to sell, and the agreement of the Purchaser to purchase, the Series 2015 Bonds on the terms so approved, and containing such other provisions as such officers shall deem necessary and appropriate. In the event of the absence or disability of the City Administrator and City Finance Director, the Mayor or Deputy City Administrator shall make such approvals and execute and deliver the Bond Purchase Agreement. The execution and delivery by appropriate officers of the City of the Bond Purchase Agreement shall be conclusive as to the approval of such officers of the terms of the Series 2015 Bonds and the agreement of the City to sell the Bonds on such terms in accordance with the provisions thereof.

Section 5. Official Statement. The City Finance Director, in consultation with Springsted Incorporated, the Purchaser and Dorsey & Whitney LLP, the City's bond counsel, are authorized to prepare on behalf of the City an Official Statement, to be distributed by the Purchaser to prospective purchasers of the Series 2015 Bonds. The Official Statement shall contain such information as shall be advisable and necessary to describe accurately the City and the security for, and the terms and conditions of, the Series 2015 Bonds. The City Administrator and City Finance Director are authorized on behalf of the Council to deem the Preliminary Official Statement near "final" as of its date, in accordance with Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934.

Section 6. Continuing Disclosure. To permit the Purchaser and other participating underwriters in the primary offering of the Series 2015 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, the City will covenant and agree, for the benefit of the registered holders and beneficial owners from time to time of the outstanding Series 2015 Bonds, to provide annual reports of specified information and notice of the occurrence of certain events.

PASSED AND APPROVED by the City Council of the City of Billings, Montana, this 11th day of May, 2015.

\_\_\_\_\_  
Mayor

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