

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 2018; 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 July 9, 2018, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 9th day of July, 2018.

(SEAL)

City Clerk

RESOLUTION NO. _____

RESOLUTION RELATING TO TAX INCREMENT URBAN
RENEWAL REVENUE BONDS (EAST BILLINGS URBAN
RENEWAL DISTRICT), SERIES 2018; 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; Prior City Actions.

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. The City proposes to undertake the reconstruction of North 11th Street and North 12th Street (from 1st Avenue North to 4th Avenue North) and 2nd Avenue North and 3rd Avenue North (from North 10th Street to North 13th Street), including design, construction and installation of storm sewer system improvements; curb, gutter and sidewalk improvements; street reconstruction, including installation of back-in diagonal parking and bike lanes; landscaping; and related improvements (collectively, the “Infrastructure Improvements”). Pursuant to the Act and the Ordinance, the Council approved the Infrastructure Improvements as an urban renewal project and declared its intention to use tax increment revenue from the District to finance the Infrastructure Improvements, all as set forth in the Plan.

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 2018 (the “Series 2018 Bonds”), in the maximum aggregate principal amount of \$3,900,000, for the purpose of financing the Infrastructure Improvements, funding a deposit to a debt service reserve account for the Series 2018 Bonds, and paying costs of issuance of the Series 2018 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.

In 2015, the City issued its Tax Increment Urban Renewal Revenue Refunding Bonds (East Billings Urban Renewal District), Series 2015 (the "Series 2015 Bonds") in the original principal amount of \$3,165,000. There are no other bonds or other obligations of the City payable from tax increment received in the District except the Series 2015 Bonds and the following reimbursement obligations which are payable on a subordinate basis to the Series 2018 Bonds and 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 \$438,566.09.

(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 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 \$176,208.90.

The City estimates that tax increment from the District will be at least \$820,007 per year (based on tax increment from the District of \$820,007 received by the City in fiscal year 2017). The maximum annual payment of principal and interest on the Series 2015 Bonds and the Series 2018 Bonds, assuming with respect to the Series 2018 Bonds a maximum principal amount of \$3,900,000 and a maximum true interest cost of 5.70% per annum and a term of 20 years, is \$545,096. Taking into account the maximum annual payment of principal and interest on the Series 2015 Bonds and the Series 2018 Bonds, there will be adequate tax increment from the District to pay the maximum aggregate annual principal and interest payable on the Series 2015 Bonds and the Series 2018 Bonds. In addition, based on such assumptions, there will be adequate remaining tax increment from the District after payment of the Series 2015 Bonds and

the Series 2018 Bonds to pay the annual reimbursement to FIB of \$95,174 and the annual reimbursement to GSA of \$76,717.

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 2018 Bonds through a private negotiated sale to D.A. Davidson & Co., Great Falls, Montana (the "Purchaser").

4.02. The Series 2018 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 2018 Bonds, exclusive of original issue discount or premium, shall not exceed \$3,900,000; (2) the maximum true interest cost on the Series 2018 Bonds shall not exceed 5.70%; (3) the purchase price of the Series 2018 Bonds shall not be less than 99.1% of the principal amount thereof, exclusive of original issue premium or discount; and (4) the final stated maturity of the Series 2018 Bonds shall not be later than 20 years from their date of issue. All costs of issuing the Series 2018 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 2018 Bonds) shall be paid by the City.

The form of the Bonds and the final terms and conditions thereof shall be prescribed by a subsequent resolution to be adopted by this Council.

4.03. The City Finance Director, in consultation with Springsted Incorporated, the City's Municipal Advisor, is hereby authorized and directed to approve the principal amount, maturity dates, interest rates and redemption provisions of the Series 2018 Bonds and compensation to the Purchaser, subject to the limitations contained in this Section 4. Upon approving such terms, the City Finance Director is 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 2018 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 Finance Director, the Mayor, the City Administrator or the Assistant 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 2018 Bonds and the agreement of the City to sell the Series 2018 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 2018 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 2018 Bonds. The City Finance Director is 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 2018 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 2018 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 9th day of July, 2018.

Mayor

Attest: _____
City Clerk