

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of City of Billings, Montana (the "City"), hereby certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION RELATING TO UP TO \$110,000,000 WATER SYSTEM REVENUE BONDS; AUTHORIZING THE ISSUANCE AND CALLING FOR THE PUBLIC 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 April 10, 2023 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 10th day of April, 2023.

(SEAL)

City Clerk

RESOLUTION NO. _____

RESOLUTION RELATING TO UP TO \$110,000,000 WATER
SYSTEM REVENUE BONDS; AUTHORIZING THE
ISSUANCE AND CALLING FOR THE PUBLIC SALE
THEREOF

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

Section 1. Recitals, Prior Acts, Authorization.

1.1 Recitals. Under the provisions of Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as amended (the “Act”), the City is authorized to issue and sell its revenue bonds payable during a term not exceeding forty years from their date of issue, to provide funds for the acquisition, purchase, construction, reconstruction, improvement, betterment and extension of a municipal water system and to refund its revenue bonds issued for such purpose; provided that the bonds and the interest thereon are to be payable solely out of the net income and revenues to be derived from rates, fees and charges for the services, facilities and commodities furnished by the undertaking, and are not to create any obligation for the payment of which taxes may be levied except to pay for services provided by such system to the City. The City proposes to undertake certain improvements to its municipal water system (the “System”), including design, engineering and construction of a new water reservoir, plant and related improvements (collectively, the “System Project”). The City has determined that it is necessary and desirable and in the best interests of the City to issue its water system revenue bonds, in one or more series, for the purpose of providing funds to pay costs of the System Project.

1.2 Prior Acts. In accordance with the Act and pursuant to Resolution No. 05-18329 adopted by the Council on September 12, 2005, as amended and supplemented by Resolution Nos. 09-18852, 09-18869, 10-18964, 12-19209, 12-19228, 14-10351 and 15-10443, adopted by the Council on July 27, 2009, September 14, 2009, July 12, 2010, September 10, 2012, October 22, 2012, April 14, 2014 and April 13, 2015, respectively (collectively, the “Resolution”), the City has issued and there are outstanding its First Amended and Restated Water System Revenue Bond (DNRC Drinking Water Revolving Loan Program), Series 2005 (the “Series 2005 Bond”), its Water System Revenue Bond (DNRC Drinking Water State Revolving Fund Program), Series 2009B (the “Series 2009B Bond”), its First Amended and Restated Water System Revenue Bond (DNRC Drinking Water State Revolving Fund Program), Series 2009C (the “Series 2009C Bond”), its First Amended and Restated Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2009D (the “Series 2009D Bond”), its First Amended and Restated Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2010B (the “Series 2010B Bond”), its Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2012 (the “Series 2012 Bond”), its Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2014 (the “Series 2014 Bond”) and its Water System Revenue Bond (DNRC Drinking Water State Revolving Loan Program), Series 2015 (the “Series 2015 Bond”). The Series 2005 Bond, Series 2009B Bond, Series 2009D Bond, Series 2010B Bond, Series 2012 Bond, Series 2014 Bond and Series 2015 Bond are collectively referred to as the “Outstanding Bonds.”

Pursuant to the Resolution, the City reserved the right to issue additional bonds on a parity with the Outstanding Bonds under certain conditions, including that the Net Revenues (as defined in the Resolution) for the last complete fiscal year of the System, calculated in accordance with the Resolution, were equal to at least 110% of the maximum amount of principal and interest to be payable from the Revenue Bond Account in any subsequent fiscal year during the term of the Outstanding Bonds, on the Outstanding Bonds and the additional bonds proposed to be issued (the "Coverage Requirement"). Assuming that the System Project Bonds (as defined below) are issued in one series in the aggregate principal amount of \$110,000,000, with an average interest rate of 5.75% per annum and a term of approximately 20 years, the maximum aggregate annual principal and interest payable with respect to the Outstanding Bonds and the System Project Bonds is expected to be \$10,507,975. The Net Revenues of the System for fiscal year 2022 were equal to \$17,332,669, which is not less than 110% of \$10,507,975.

1.3 Authorization. Pursuant to the Act and the Resolution, this Council hereby authorizes the City to proceed with the issuance and sale, in one or more series, of its Water System Revenue Bonds (collectively, the "System Project Bonds") for the purpose of providing funds to pay costs of the System Project and to pay costs of issuance of the System Project Bonds, subject to the terms and conditions described herein.

Section 2. Public Sale. The System Project Bonds shall be offered and sold, in one or more series, at one or more public competitive sales, in each case pursuant to certain Terms and Conditions of Sale (the "Terms and Conditions") to be determined and finalized with respect to each series of System Project Bonds by the City Administrator and City Finance Director, in consultation with Baker Tilly Municipal Advisors LLC, as municipal advisor to the City ("Baker Tilly"). For each series of System Project Bonds, the City Administrator and City Finance Director shall determine the date and time that bids will be opened and tabulated. The City Administrator and City Finance Director will prepare or cause to be prepared a notice of the sale of each series of System Project Bonds, and the City Clerk is authorized and directed to cause notice of the sale of each series of System Project Bonds to be published in the *Yellowstone County News* in accordance with state law. Subject to Section 3 below, following tabulation of bids, the City Administrator and City Finance Director will award the sale of each series of System Project Bonds to the bidder with the lowest true interest cost; provided that, with respect to any series of System Project Bonds, the City Administrator and City Finance Director shall have the right to reject any and all bids in their sole discretion and to waive any informality and irregularity in any and all bids. In the event that all bids are rejected, the City Administrator and City Finance Director are authorized to initiate a new public, competitive sale of any series of System Project Bonds and to prepare such additional Terms and Conditions, offering materials and notices, in accordance with this resolution. The form or forms of the System Project Bonds and the final terms and conditions of each series thereof will be set forth in a subsequent resolution or resolutions to be adopted by this Council following the award of the sale of such System Project Bonds.

Section 3. Authorization to Award Sale; Parameters. Following tabulation of the bids as described in Section 2, the City Administrator and City Finance Director are hereby authorized to award the sale of each series of the System Project Bonds, in their discretion, on the terms and at a purchase price subject, with respect to each series of System Project Bonds, to the following limitations and conditions:

- (a) the aggregate principal amount of the System Project Bonds shall not exceed \$110,000,000 (exclusive of premium or discount);
- (b) the purchase price of each series of System Project Bonds shall not be less than 97% of the principal amount thereof;
- (c) the true interest cost of each series of System Project Bonds shall not exceed 5.75%;
- (d) the proposed terms of each series of System Project Bonds shall allow the City to satisfy the Coverage Requirement; and
- (e) each series of System Project Bonds shall mature not later than 31 years following the date of issuance of such series.

Section 4. Preliminary Official Statement. The City Administrator and City Finance Director, in consultation with Baker Tilly, are hereby authorized and directed to prepare, on behalf of the City, a Preliminary Official Statement with respect to each series of System Project Bonds to be distributed to potential bidders. The Preliminary Official Statement(s) shall contain the Terms and Conditions and such other information as shall be advisable and necessary to describe accurately the City, the System, the terms and conditions of such series of System Project Bonds and the security therefor. The City Administrator and City Finance Director are authorized on behalf of the City to deem each 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 5. Continuing Disclosure. In order to permit bidders for each series of System Project Bonds and other participating underwriters in the primary offering of such series of System Project 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 “Rule”), the City will covenant and agree for the benefit of the registered holders and beneficial owners from time to time of such outstanding series of System Project Bonds, to provide annual reports of specified information and notice of the occurrence of certain events. The City is the only “obligated person” in respect of the System Project Bonds within the meaning of the Rule for the purposes of disclosing information on an ongoing basis. A description of the undertaking will be set forth in each Preliminary Official Statement. Failure of the City to enter into an undertaking substantially similar to that described in the applicable Preliminary Official Statement would relieve the successful bidder of its obligation to purchase the applicable series of System Project Bonds.

Section 6. Effective Date. This Resolution shall become effective upon passage.

PASSED by the City Council of City of Billings, Montana, this 10th day of April, 2023.

Mayor

Attest:

City Clerk

(SEAL)