

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 entitled: "RESOLUTION RELATING TO \$815,000 POOLED SPECIAL SIDEWALK, CURB, GUTTER AND ALLEY APPROACH BONDS, SERIES 2001D (MISCELLANEOUS/DEVELOPER RELATED IMPROVEMENTS AND BROADWATER SUBDIVISION IMPROVEMENTS, PHASE III); 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 meeting on September 10, 2001, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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: Unanimous  
\_\_\_\_\_  
voted against the same: none; abstained from voting thereon:  
none; or were absent: Elison.

WITNESS my hand and seal officially this 10 day of September, 2001.

(SEAL)



Marita Herold  
City Clerk

RESOLUTION NO. 01-17745

RESOLUTION RELATING TO \$815,000 POOLED SPECIAL  
SIDEWALK, CURB, GUTTER AND ALLEY APPROACH BONDS,  
SERIES 2001D (MISCELLANEOUS/DEVELOPER RELATED  
IMPROVEMENTS AND BROADWATER SUBDIVISION  
IMPROVEMENTS, PHASE III); AUTHORIZING THE ISSUANCE  
AND CALLING FOR THE PUBLIC SALE THEREOF

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

Section 1. Recitals.

(a) This Council has duly and validly created and established in the City under Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended (the "Act"), special improvement projects, designated as the 2001 Miscellaneous and Developer-Related Improvement Project (the "Developer-Related Improvements") and the Broadwater Subdivision Improvements Project, Phase III (the "Broadwater Improvements") (collectively, the "Projects"), for the purpose of financing costs of certain public improvements of special benefit to the properties within the Projects (the "Improvements") and paying costs incidental thereto, including costs associated with the sale and the security of special sidewalk, curb, gutter and alley approach bonds of the City drawn on the Projects (the "Bonds"), the creation and administration of the Projects and the funding of a deposit to the City's Special Improvement Project Revolving Fund (the "Revolving Fund"). The total estimated costs of the Improvements, including such incidental costs, to be financed by the Project is \$815,000. The costs of the Improvements are to be paid from the proceeds of the Bonds, which are to be payable primarily from special assessments to be levied against property in each of the Project areas, which property will be specially benefited by the Improvements in an amount not less than \$815,000.

(b) It is necessary that Bonds be issued and sold in an aggregate principal amount of \$815,000 to finance the costs of the Improvements within each of the Project areas, including incidental costs, described in Subsection (a). The costs of the Improvements are currently estimated, as follows:

	<u>Broadwater Project</u>	<u>Developer-Related Project</u>
Construction and Contingency	\$1,226,370	\$494,127
Engineering and Administration	38,680	28,698
Revolving Fund Deposit	23,500	17,250
Bond Discount	16,450	12,075
Costs of Issuance	<u>5,000</u>	<u>5,000</u>
Total	\$1,310,000	\$557,150

For the Broadwater Improvements, costs in excess of Bond proceeds will be paid from City contributions in the following amounts: PAVER funds in the amount of \$350,000, General Fund in the amount of \$240,000, Street Maintenance Funds in the amount of \$210,000, Storm Drain Funds in the amount of \$35,000 and PUD Repair Funds in the amount of \$5,000. For the Developer-Related Improvements, costs in excess of Bond proceeds will be paid from City contributions in the following amounts: CDBG Funds in the amount of \$100,000, PAVER Funds in the amount of \$75,000, Street Maintenance Funds in the amount of \$23,000, General Funds in the amount of \$6,500, Storm Drain Funds in the amount of \$5,000, PUD Repair Funds in the amount of \$1,000, SILMD Funds in the amount of \$1,000 and Gas Tax Funds in the amount of \$650.

(c) The City is authorized pursuant to Montana Code Annotated, Section 7-12-4193, to issue and sell special improvement district bonds of more than one district in a single offering on a pooled basis upon a determination that such pooling is in the best interests of the Projects and the City.

(d) The City is further authorized by Montana Code Annotated, Section 7-12-4204(1) to sell the Bonds at a price less than the principal amount thereof, but including interest thereon to the date of delivery, if this Council determines that such sale is in the best interests of the Projects and the City.

Section 2. Determinations of Public Interest in Allowing Bond Discount and Permitting Pooling of Bonds. Pursuant to the authority described in Section 1, this Council hereby determines that the issuance and sale of the Bonds in a pooled single offering for the following Projects in the respective principal amounts set forth below:

<u>Project</u>	<u>Principal Amount</u>
Broadwater Improvements	\$470,000
Developer-Related Improvements	\$345,000

is in the best interest of each of the Projects and the City and will facilitate the sale of the Bonds because the size of the issue will attract more interest in the marketplace and thus help to lower interest rates on the Bonds and because a single issue will reduce the costs of issuance. This Council further determines to fix the minimum price for the Bonds at \$786,475 (96.5% of par), plus interest accrued thereon to the date of delivery. Such minimum bid will enable bidders to bid more efficiently for the Bonds by permitting them to submit their bids based on actual market conditions without adjusting the interest rates thereon to provide compensation for their purchase of the Bonds. This procedure will facilitate the sale of the Bonds at the lowest interest rates, which is in the best interests of each of the Projects and the City.

Section 3. Findings and Determination To Pledge the Revolving Fund. In the Resolutions of Intention To Order in the Programs for the Developer-Related Improvements and the Broadwater Improvements, adopted on January 8, 2001 and March 12, 2001, respectively, this Council found it to be in the public interest, and in the best interest of the City and the Projects, to secure payment of principal of and interest on the Bonds by the Revolving Fund and authorized the City to enter into the undertakings and agreements authorized in the Act in respect of the Bonds, based on the factors required to be considered under Section 7-12-4225(4) of the

Act. Those findings and determinations were ratified and confirmed in the resolutions ordering the programs adopted by this Council on February 12, 2001 and April 9, 2001, respectively, and are hereby ratified and confirmed. It is hereby covenanted and recited that the City has the power under the Act to pledge the Revolving Fund to payment of the principal of and interest on the Bonds.

Section 4. Terms of the Bonds. This Council hereby authorizes the issuance and sale of Pooled Special Sidewalk, Curb, Gutter and Alley Approach Bonds, Series 2001D (Miscellaneous/Developer Related Improvements and Broadwater Subdivision Improvements, Phase III) of the City in the aggregate principal amount of \$815,000 (the "Bonds") for the purpose of financing the Improvements. The Bonds shall be dated, as originally issued, as of October 15, 2001, and shall bear interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2003, at a rate or rates designated by the successful bidder at public sale and approved by this Council. If issued as serial bonds, the Bonds shall mature on July 1 in each of the following years and amounts:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2003	\$ 3,000	2009	\$85,000
2004	12,000	2010	85,000
2005	40,000	2011	85,000
2006	75,000	2012	90,000
2007	75,000	2013	90,000
2008	85,000	2014	90,000

If issued as amortization bonds, the Bonds will be issued as a single bond or divided into several bonds, as the Council may determine at the time of the sale, and the principal of and interest on the Bonds shall be payable semiannually in equal payments on each January 1 and July 1, commencing January 1, 2003, and concluding July 1, 2014, unless the Bonds are earlier redeemed. Serial bonds shall be in the denomination of \$5,000 each or any integral multiple thereof of single maturities, except that the bond maturing in 2003 shall be in the principal amount of \$3,000 and one bond maturing in 2004 shall be in the amount of \$2,000.

The Bonds shall be issuable only as fully registered bonds and shall be executed by the manual or facsimile signatures of the Mayor, Finance Director and the City Clerk. The Bonds shall be secured by the Revolving Fund.

Section 5. Public Sale. The Bonds shall be sold at a public competitive sale which is hereby called and shall be held at a regular meeting of this Council on October 8, 2001, at 7:30 P.M., M.T. The City will receive sealed bids for the Bonds in accordance with the notice of sale hereinafter prescribed. The City Clerk is authorized and directed to cause notice of the sale to be published, as required by Montana Code Annotated, Sections 7-12-4204, 7-7-4252 and 17-5-106, in *The Billings Times* once each week for two successive weeks preceding the week which contains the date of sale. The notice of sale shall be published and mailed in substantially the form set forth as Exhibit A to this resolution and this Council hereby adopts the terms and conditions set forth in such notice of sale as the terms and conditions of the sale of the Bonds.

Section 6. Continuing Disclosure. Although bidders and other participating underwriters in the primary offering of the Bonds need not 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"), because the aggregate principal amount of the Bonds and any other securities required to be integrated with the Bonds is less than \$1,000,000, to enhance the marketability of the Bonds, the City will covenant and agree, for the benefit of the registered holders and beneficial owners from time to time of the outstanding Bonds, in the resolution prescribing the terms of the Bonds, to provide annual reports of specified information and notice of the occurrence of certain events, if material. The Sinking Fund and the Revolving Fund are the only "obligated persons" in respect of the Bonds within the meaning of the Rule for the purposes of disclosing information on an ongoing basis. A description of the undertaking is set forth in the Official Statement. Failure of the City to enter into an undertaking substantially similar to that described in the Official Statement would relieve the successful bidder of its obligation to purchase the Bonds.

Section 7. Official Statement. The Director of Finance and other officers of the City are hereby authorized and directed to prepare on behalf of the City an official statement to be distributed to potential purchasers of the Bonds. Such official statement shall contain the terms and conditions of sale set forth in the notice of sale referred to in Section 5 and such other information as shall be advisable and necessary to describe accurately the City and the security for, and terms and conditions of, the Bonds. The Director of Finance is authorized on behalf of the City to deem the official statement near "final" as of its date, in accordance with Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934.

Section 8. Superceding Resolution. This resolution supercedes all previous resolutions adopted by this Council with respect to calling for the sale of the bonds, specifically Resolution No. 01-17727 adopted on August 13, 2001.

Passed by the City Council of the City of Billings, Montana, this 10th day of September, 2001.



*Charles F. Tealcy*  
\_\_\_\_\_  
Mayor

Attest: *Marita Herold*  
\_\_\_\_\_  
City Clerk

EXHIBIT A

NOTICE OF BOND SALE

\$815,000 Special Sidewalk, Curb, Gutter and Alley Approach Bonds,  
Series 2001D  
(Miscellaneous/Developer Related Improvements and  
Broadwater Subdivision Improvements, Phase III)

CITY OF BILLINGS, MONTANA

NOTICE IS HEREBY GIVEN that the City of Billings, Montana (the "City"), will sell to the highest and best bidder for cash, as evidenced by sealed bids, the above-described Bonds drawn against the funds of the following special improvement Projects in the respective principal amounts set forth below:

<u>Project</u>	<u>Principal Amount</u>
Broadwater Improvements	\$470,000
Developer-Related Improvements	\$345,000

Sealed bids for the purchase of the Bonds will be received until 2:00 P.M., M.T., on Monday, October 8, 2001, in the City Clerk's office, 1<sup>st</sup> Floor of Park III, at 210 North 27<sup>th</sup> Street, Billings, Montana, at which time the bids will be opened and tabulated. The City Council of the City will meet at their regular meeting at 7:30 P.M. on the same day in the Council Chambers, 2<sup>nd</sup> Floor of the Police Facility, 220 North 27<sup>th</sup> Street, Billings, Montana, to consider the bids and to award the sale of the Bonds.

Purpose and Security

The Bonds will be issued for the purpose of financing the cost of construction of certain local improvements (the "Improvements") within or for the benefit of the 2001 Miscellaneous and Developer Related Project and the Broadwater Subdivision Project, Phase III (collectively, the "Projects"), in accordance with the provisions of Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended. The Bonds will be special, limited obligations of the City and do not constitute general obligations of the City.

The Bonds are payable primarily from the collection of a special assessment which is a lien against the assessable real property within the respective Projects benefited by the Improvements to be undertaken therein or therefor. The special assessments are payable in equal, semiannual installments over a 12-year term, with unpaid installments of the special assessments bearing interest at a rate equal, from time to time, to the sum of (i) the average rate of interest borne by the then outstanding Bonds, plus (ii) one-half of one percent (0.50%) per annum. The Bonds are further secured by the Special Improvement Project Revolving Fund of the City (the "Revolving Fund"). The City will agree to make a loan from the Revolving Fund to the Sinking Fund established for the Projects to make good any deficiency then existing in the

principal and interest subaccounts therein and to provide funds for the Revolving Fund by levying a tax or making a loan from the City's general fund to the extent authorized by law.

Date and Type

The Bonds will be dated, as originally issued, as of October 15, 2001, and will be issued as negotiable investment securities in registered form as to both principal and interest.

Maturities and Redemption

If issued as serial bonds, the Bonds shall mature, subject to redemption, on July 1 in the following years and amounts:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2003	\$ 3,000	2009	\$85,000
2004	12,000	2010	85,000
2005	40,000	2011	85,000
2006	75,000	2012	90,000
2007	75,000	2013	90,000
2008	85,000	2014	90,000

If issued as amortization bonds, the Bonds will be issued as a single bond or divided into several bonds, as the Council may determine, and the principal of the Bonds shall be payable semiannually on each January 1 and July 1, commencing January 1, 2003, and continuing through July 1, 2014, subject to prior redemption. Serial bonds shall be in the denomination of \$5,000 each or any integral multiple thereof of single maturities, except that the bond maturing in 2003 shall be in the principal amount of \$3,000 and one bond maturing in 2004 shall be in the amount of \$2,000. Amortization bonds shall be preferred.

Redemption

Mandatory Redemption. If on any interest payment date there will be a balance in the Sinking Fund after payment of the principal and interest due on all Bonds drawn against it, either from the prepayment of special assessments levied in the Projects or from the transfer of surplus money from the Construction Subaccount to the Principal Subaccount, 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 Sinking Fund on that date are subject to mandatory redemption on that interest payment 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.

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 under "Mandatory Redemption" on any interest payment date; provided, however, the Bonds shall not be called for redemption before July 1, 2006, from the proceeds of refunding special improvement district bonds or warrants. The redemption price shall equal the principal amount of the Bonds to be redeemed plus interest accrued to the date of redemption.

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.

Interest Payment Dates, Rates

Interest will be payable each January 1 and July 1, commencing January 1, 2003, to the registered owners of the Bonds as such appear in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. All Bonds of the same stated maturity must bear interest from date of original issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 1/8 or 5/100 of 1%. No supplemental or "B" coupons or additional interest certificates are permitted. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Bond Registrar, Transfer Agent  
and Paying Agent

The Director of Finance of the City will act as bond registrar, transfer agent and paying agent (the "Registrar"). The bond register will be kept, transfers of ownership will be effected and principal of and interest on the Bonds will be paid by the Registrar. The City will pay the charges of the Registrar for such services. The City reserves the right to appoint a suitable bank or trust company as a successor Registrar.

Delivery

Within 45 days after the sale, the City will deliver to the Registrar the printed Bonds ready for completion and authentication. The original purchaser of the Bonds must notify the Registrar, at least five business days before issuance of the Bonds, of the persons in whose names the Bonds will be initially registered and the authorized denominations of the Bonds to be originally issued. If notification is not received by that date, the Bonds will be registered in the name of the original purchaser and, if serial bonds, will be issued in denominations corresponding to the principal maturities of the Bonds. On the day of closing, the City will furnish to the purchaser the opinion of bond counsel hereinafter described, an arbitrage certification and a certificate verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City in immediately available funds at its designated depository on the day of closing. As a condition of delivery, the purchaser must certify to the City in writing the initial reoffering prices of the Bonds.

Qualified Tax-Exempt Obligations

The Bonds will be designated by the City as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the Code), and financial institutions described in Section 265(b)(5) of the Code may treat the Bonds for purposes of Sections 265(b)(2) and 291(e)(1)(B) of the Code as if they were acquired on August 7, 1986.



### Legal Opinion

An opinion as to the validity of the Bonds and the exclusion from gross income for federal income tax purposes and Montana individual income tax purposes of the interest thereon will be furnished by Dorsey & Whitney LLP, of Missoula, Montana, and Minneapolis, Minnesota, as Bond Counsel. The legal opinion will be provided at closing. The legal opinion will state that the Bonds are valid and binding special obligations of the City enforceable in accordance with their terms, except to the extent to which enforceability thereof may be limited by the exercise of judicial discretion or by state or federal laws relating to bankruptcy, reorganization, moratorium or creditors' rights; however, Dorsey & Whitney LLP will not express an opinion as to the enforceability of the agreement of the City to make loans or advances from the Revolving Fund to the Sinking Fund as may be required to pay principal and interest on the Bonds.

### Type of Bid and Good Faith Deposit

Sealed bids for not less than \$786,475 (96.5% of par) and accrued interest on the principal sum of \$815,000 must be mailed or delivered to the undersigned and must be received at the office of the City Clerk prior to the time stated above. Bidders must bid for all or none of the Bonds. Each bid must be unconditional.

Except for a bid by or on behalf of the Board of Investments of the State of Montana, a good faith deposit (the "Deposit") in the form of money, cashier's check, certified check, bank money order, or bank draft drawn and issued by a federally chartered or state chartered bank insured by the federal deposit insurance corporation or a financial surety bond in the sum of \$16,300 payable to the order of the City is required for a bid to be considered. If money, cashier's check, certified check, bank money order, or bank draft is used, it must accompany the bid and be delivered to the Director of Finance. If a financial surety bond is used, it must be from an insurance company licensed and qualified to issue such a bond in the State of Montana and such bond must be submitted to the Director of Finance prior to the opening of the bids. The financial surety bond must identify each bidder whose Deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then that purchaser is required to submit its Deposit to the City in the form of a cashier's check (or wire transfer such amount as instructed by the City) not later than 1:00 P.M., M.T., on the next business day following the award. If such Deposit is not received by that time, the financial surety bond may be drawn by the City to satisfy the Deposit requirement. No interest on the Deposit will accrue to the purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the purchaser fails to honor its accepted bid, the Deposit will be retained by the City as liquidated damages. The Deposit of the unsuccessful bidders will be returned immediately on award of the Bonds to the purchaser or after rejection of all bids. Instructions for wiring the Deposit may be obtained from the City's Director of Finance, Robert G. Keefe, 210 North 27<sup>th</sup> Street, Billings, Montana 59101, telephone (406) 657-8222.

### Award

The bid authorizing the lowest net interest cost (total interest on all Bonds from October 15, 2001, to their maturities, less any premium or plus any discount) will be deemed the most favorable. In the event that two or more bids state the lowest net interest cost, the sale of

the Bonds will be awarded by lot. No oral bid will be considered. The City reserves the rights to reject any and all bids, to waive informalities in any bid and to adjourn the sale.

#### Official Statement

The City will prepare an Official Statement relating to the Bonds which the City will deem, for purposes of SEC Rule 15c2-12, to be final as of its date. The City will deliver, at closing, a certificate executed by the Mayor, Director of Finance and the City Clerk to the effect that, to the best of their knowledge, as of the date of closing, the information contained in the Official Statement, including any supplement thereto, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading; provided that no comment will be made with respect to any information provided by the successful bidder for inclusion in any supplement to the Official Statement.

By submitting a bid for the Bonds, the successful bidder agrees: (1) to disseminate to all members of the underwriting syndicate copies of the Official Statement, including any supplements prepared by the City, (2) to file promptly a copy of the Official Statement, including any supplement prepared by the City, with a nationally recognized municipal securities repository, and (3) to take any and all other actions necessary to comply with applicable rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board governing the offering, sale and delivery of the Bonds to ultimate purchasers.

Within seven business days after the sale the City will furnish to the successful bidder without charge up to 75 copies of the final Official Statement relating to the Bonds. The successful bidder must notify the Director of Finance in writing within five business days after the award of sale of the Bonds if it requires additional copies of the Official Statement. The cost of additional copies shall be paid by the successful bidder.

#### Continuing Disclosure

In order to permit bidders for the Bonds and other 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 (the "Rule"), the City will covenant and agree, for the benefit of the registered holders and beneficial owners from time to time of the outstanding Bonds, in the resolution prescribing the terms of the Bonds, to provide annual reports of specified information and notice of the occurrence of certain events, if material. The Sinking Fund and the Revolving Fund are the only "obligated persons" in respect of the Bonds within the meaning of the Rule for the purposes of disclosing information on an ongoing basis. A description of the undertaking is set forth in the Official Statement. Failure of the City to enter into an undertaking substantially similar to that described in the Official Statement would relieve the successful bidder of its obligation to purchase the Bonds. The City has complied in all material respects with any undertaking previously entered into by it under the Rule.

CUSIP Numbers

The City will assume no fee or obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be assigned and printed at the expense of the purchaser, if the original purchaser waives any delay in delivery occasioned thereby.

Information for bidders and bidding forms may be obtained from the City's Director of Finance, Robert G. Keefe, 210 North 27<sup>th</sup> Street, Billings, Montana 59101, telephone (406) 657-8222.

Dated: September 10, 2001.

BY ORDER OF THE CITY COUNCIL

---

City Clerk  
City of Billings, Montana

Publish: September 14, 2001  
September 21, 2001