

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 ECONOMIC DEVELOPMENT REVENUE NOTE (SUTTON PROPERTIES OF MONTANA, L.L.P. PROJECT) OF THE CITY IN AN APPROXIMATE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$1,500,000; GRANTING PRELIMINARY APPROVAL THERETO; AND ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE" (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 November 24, 1997, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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
Regnier, Davis, DeLo, Garner, Kennedy, Elson,
Mayer, Muchnick, Abigail Stone, Larson; voted against the same: None
_____ ; abstained from voting thereon: None ; or
were absent: None .

WITNESS my hand officially this 24 day of November, 1997.

Kathie Russell
City Clerk Deputy City Clerk

RESOLUTION NO. 97-17314

RESOLUTION RELATING TO ECONOMIC DEVELOPMENT REVENUE NOTE (SUTTON PROPERTIES OF MONTANA, L.L.P. PROJECT) OF THE CITY IN AN APPROXIMATE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$1,500,000; GRANTING PRELIMINARY APPROVAL THERETO; AND ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE

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

Section 1. Recitals.

1.01. The City is authorized by Title 90, Chapter 5, Part 1, as amended, Montana Code Annotated (the "Act"), to issue and sell a revenue note for the purpose of defraying the cost of acquiring or improving any project, defined to include any land, any building or other improvement and any other real or personal properties deemed necessary in connection therein, which shall be suitable for use for commercial, manufacturing, agricultural or industrial enterprises; recreation or tourist facilities; local, state and federal governmental facilities; multifamily housing, hospitals, long-term care facilities or medical facilities; higher education facilities; and any combination of these projects; and to lease such projects, or to loan the proceeds of such note, to others upon such terms and conditions as the City may deem advisable.

1.02. Sutton Properties of Montana, L.L.P., a Montana limited liability partnership (the "Borrower"), has proposed that the City, pursuant to the Act, issue its economic development revenue notes in one or more series in an approximate aggregate principal amount not to exceed \$1,500,000 (the "Note"), the proceeds of which will be loaned by the City to the Borrower to finance all or a portion of the costs of acquiring approximately 9.737 acres of land and an existing building thereon containing approximately 68,690 square feet to be used as a facility for the manufacturing of sportswear; acquiring and installing certain equipment and personal property; and making renovations to the existing building and related improvements (collectively, the "Project"), and to pay certain costs associated with the sale of the Note. The Project will be owned by the Borrower, and is located at 1400 South 24th Street West, Billings, Montana, the legal description of which is attached as Exhibit A hereto.

1.03. Under the provisions of the Act, the Note is a special, limited obligations of the City and shall not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

Section 2. Preliminary Findings. Based on representations made by the Borrower to the City to date, the Council hereby makes preliminary findings, determinations and declarations, subject to final findings, determinations and declarations following the public hearing provided for in Section 4, as follows:

(a) The Project, as proposed, is a manufacturing facility and is eligible for financing under the Act and the City is authorized to issue a revenue note pursuant to an Indenture of Trust to defray the costs of making a loan to the Borrower, the proceeds of which will be used to finance a portion or all of the costs of acquiring, constructing, equipping and improving the Project and paying the costs and expenses incident to the issuance and sale of the Note, including any security for the Note, and to enter into a Loan Agreement with the Borrower requiring loan repayments from the Borrower in amounts sufficient to repay the loan when due and requiring the Borrower to pay all costs of maintaining and insuring the Project, including taxes thereon.

(b) The loan repayments to be made by the Borrower under the Loan Agreement, shall be established at a level and payable in installments at times sufficient to pay all principal of, premium, if any, and interest on the Note when due.

(c) The loan shall be secured by a mortgage or indenture of trust on the Project, or such other security as may be dictated by the purchaser of the Note.

(d) In preliminarily authorizing the acquisition, construction, furnishing, equipping and improvement of the Project and the issuance of the Note, the City's purpose is to promote the general welfare of the City, to provide employment opportunities for its residents, to aid in economic development and to further the purposes and policies of the Act.

(e) The undertaking of the Project and the issuance of the Note to finance all or a portion of the costs thereof is in the public interest.

Section 3. Preliminary Approval. This Council hereby gives preliminary approval to the Project and the issuance of the Note in an approximate aggregate principal amount not to exceed \$1,500,000 to finance all or a portion of the costs thereof, subject to final approval following the public hearing provided for in Section 4, and subject to compliance by the Project with applicable local, state and federal rules, regulations and ordinances, and the Borrower obtaining all necessary local, state and federal permits, licenses and approvals, if any, for the Project, and subject to final approval by the Council that the financing of the Project is in the best interest of the City.

Section 4. Public Hearing. Section 90-5-104 of the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), require that, prior to the issuance of the Note a public hearing duly noticed shall be held by the City on the proposed Project. Pursuant to such authority, a public hearing on the proposed Project and the issuance of the Note to finance the costs thereof shall be called and held by the Council in Billings, Montana, at 7:30 p.m. on December 22, 1997, in the City Council Chambers at City Hall, 210 North 27th Street, Billings, Montana.

Section 5. Form of Notice. The notice of the public hearing shall contain the date, time and location of the public hearing and a general description of the Project, its location and estimated costs, the name of the owner or operator of the Project and the maximum principal amount of the Note proposed to be issued.

Section 6. Publication of Notice. The Council shall cause the notice of hearing to be published in a newspaper of general circulation in Billings at least once a week for three consecutive weeks prior to the date set for the hearing, the last such publication date being at least seven days before the date of the hearing, excluding the day of publication.

Section 7. Costs. The Borrower will pay, or upon demand reimburse the City for payment of, any and all costs incurred by the City in connection with the Project, whether or not the Project is carried to completion and whether or not the Note is issued.

Section 8. Commitment Conditional. The adoption of this resolution does not constitute a guarantee or a firm commitment that the City will issue the Note as requested by the Borrower. If, based on comments received at the public hearing to be held pursuant to this resolution, or other information made available to or obtained by the City during its review of the application and the Project, it appears that the Project or the issuance of the Note to finance the costs thereof is not in the public interest or consistent with the purposes of the Act, or that the Borrower is unable to obtain the necessary approvals referred to in Section 3, the City reserves the right not to give final approval to the issuance of the Note. The City also retains the right, in its sole discretion, to withdraw from participation and accordingly not issue the Note should the Council, at any time prior to the issuance thereof, determine that it is in the best interests of the City not to issue the Note or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents for the transaction.

Section 9. Reimbursement of Costs under the Code.

9.1. The United States Department of Treasury has promulgated final regulations governing the use of proceeds of tax-exempt obligations, all or a portion of which are to be used to reimburse the City or a borrower from the City for project expenditures paid prior to the date of issuance of such obligations. Those regulations (Treasury Regulations, Section 1.150-2) (the "Regulations") require that the City adopt a statement of official intent to reimburse an original expenditure not later than 60 days after payment of the original expenditure. The Regulations also generally require that the obligations be issued and the reimbursement allocation made from the proceeds of the obligations occur within 18 months after the later of (i) the date the expenditure is paid or (ii) the date the project is placed in service or abandoned, but in no event more than three years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the obligations.

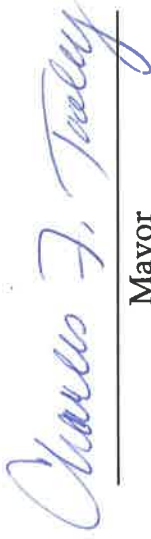
9.2. The City reasonably expects to reimburse the Borrower for the expenditures made for costs of the Project from the proceeds of the Note in an estimated maximum aggregate principal amount of \$1,500,000 after the date of payment of all or a portion of the costs of the Project. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the Note or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations and also qualifying expenditures under the Act.

Based on representations by the Borrower, other than (i) expenditures to be paid or reimbursed from sources other than the Note, (ii) expenditures permitted to be reimbursed under prior regulations pursuant to the transitional provision contained in Section 1.150-2(j)(2)(i)(B) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a "de minimus" amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures for the Project have been made by the Borrower more than 60 days before the date of adoption of this resolution.

9.3. Based on representations by the Borrower, as of the date hereof, there are no funds of the Borrower reserved, allocated on a long term-basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures related to the Project to be financed from proceeds of the Note, other than pursuant to the issuance of the Note. This resolution, therefore, is determined to be consistent with the budgetary and financial circumstances of the Borrower as they exist or are reasonably foreseeable on the date hereof.

Section 10. Filing. This resolution shall be filed within 30 days of its adoption in the publicly available official books and records of the City. This resolution shall be available for inspection at the office of the City Clerk at the City Courthouse (which is the main administrative office of the City) during normal business hours of the City on every business day until the date of issuance of the Note.

PASSED AND APPROVED by the Council of City of Billings, this 24th day of November, 1997.



Mayor

Attest:



City Clerk Deputy City Clerk



EXHIBIT A

- PARCEL A: That part of S1/2NE1/4 and N1/2SE1/4 of Section 13, Township 1 South, Range 25 East, of the Principal Montana Meridian, in Yellowstone County, Montana, described as Tracts 1C-1 and 1C-2, of Amended Tract 1C of Amended Tracts 1-A and 2-A, of Certificate of Survey No. 2095 on file in the office of the Clerk and Recorder of said County, under Document #1423209.
- PARCEL B: Lot 10, Block 5, of Plat of Cenex Park Subdivision, in the City of Billings, Yellowstone County, Montana, according to the official plat on file in the office of the Clerk and Recorder of said County, under Document #1334519.
- PARCEL C: That part of SE1/4 of Section 13, Township 1 South, Range 25 East, of the Principal Montana Meridian, in Yellowstone County, Montana, described as Tract 1-B-2, of Amended Tract 1-B of Certificate of Survey No. 738, on file in the office of the Clerk and Recorder of said County, under Document #1422369.

