

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

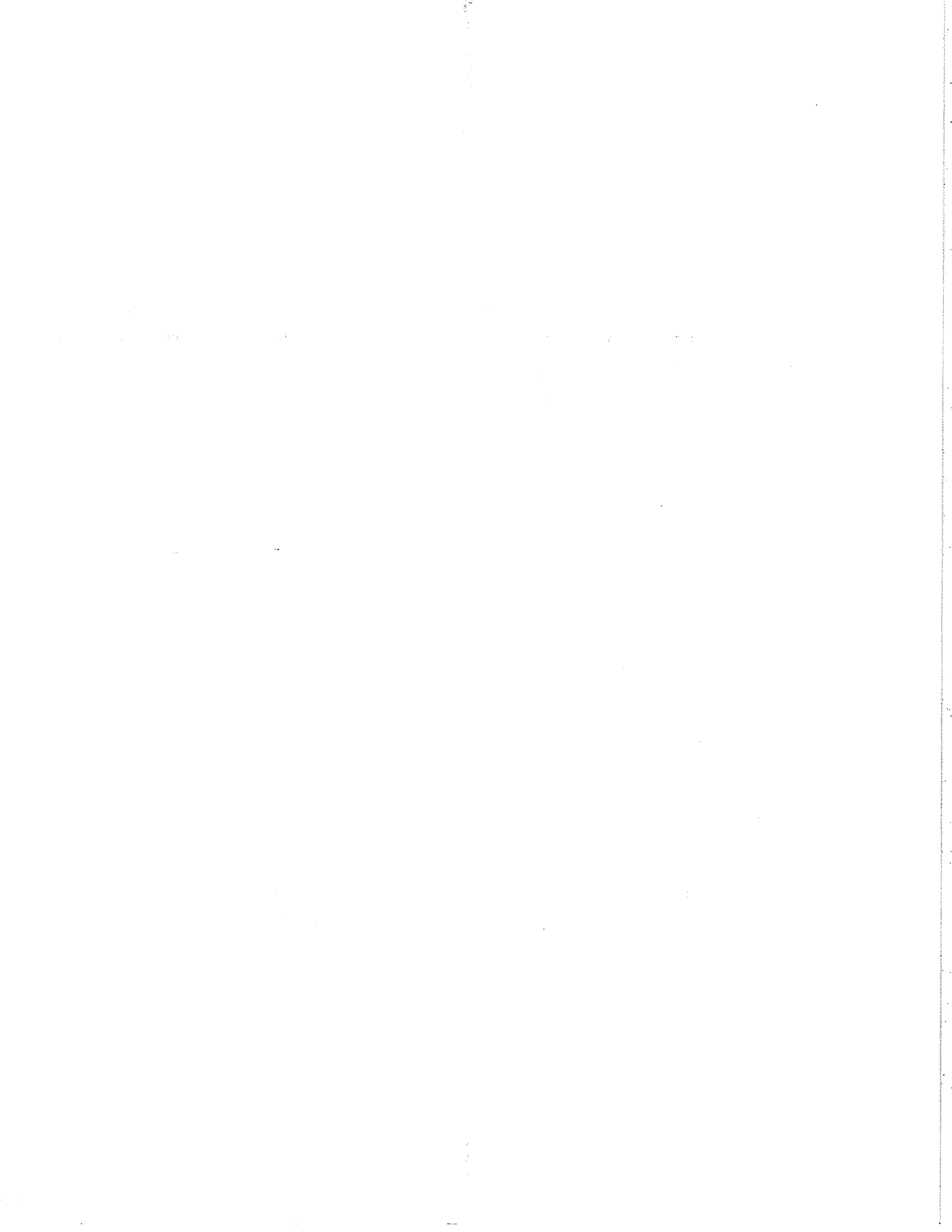
I, the undersigned, being the duly qualified and acting recording officer of the City of Billings, Montana (the "City"), hereby certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION RELATING TO POOLED SPECIAL IMPROVEMENT DISTRICT BONDS, SERIES 2008A (SPECIAL IMPROVEMENT DISTRICT NOS. 1378, 1379, 1380, AND 1383), IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,075,000; 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 August 11, 2008, and that such 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 City Council members voted in favor thereof: Ronquillo, Gaghen, Pitman, Stevens, Veis, Ruegamer, McCall, Ulledalen, Astle, and Clark; voted against the same: none ; abstained from voting thereon: none ; or were absent: none .

WITNESS my hand officially this 11th day of August, 2008.



Cari Martin
Cari Martin, City Clerk



RESOLUTION NO. 08-18740

RESOLUTION RELATING TO POOLED SPECIAL IMPROVEMENT DISTRICT BONDS, SERIES 2008A (SPECIAL IMPROVEMENT DISTRICT NOS. 1378, 1379, 1380, AND 1383), IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,075,000; AUTHORIZING THE ISSUANCE AND CALLING FOR THE PUBLIC SALE THEREOF

BE IT RESOLVED by the City Council (the "City 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 various special improvement districts, designated as (i) Special Improvement District No. 1378 ("District No. 1378"), (ii) District No. 1379 ("District No. 1379"), (iii) District No. 1380 ("District No. 1380"), and (iv) District No. 1383 ("District No. 1383") (individually a "District" and, collectively, the "Districts"). The Districts were established by the City for the purpose of financing costs of certain public improvements of special benefit to the properties within the Districts (the "Improvements") and paying costs incidental thereto, including (i) costs associated with the sale and the security of the City's Pooled Special Improvement District Bonds, Series 2008A (Special Improvement District Nos. 1378, 1379, 1380 and 1383) (the "Bonds"), (ii) the creation and administration of the Districts, and (iii) funding of a deposit to the City's Special Improvement District Revolving Fund (the "Revolving Fund"). The funds for the payment of the Bonds are to be specially assessed against the property owners in each District. The Districts were established by the City pursuant to the powers granted under Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended (the "Act") The total estimated costs of the Improvements, including such incidental costs, to be financed by the Districts is \$1,075,000. 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 the Districts, which property will be specially benefitted by the Improvements in an amount not less than \$1,075,000.

(b) It is necessary that the Bonds be issued and sold in an aggregate principal amount of \$1,075,000 to finance the costs of the Improvements within each of the Districts, including incidental costs, described in Subsection (a) of this Section 1. The costs of the Improvements are currently estimated, as follows:

District Number 1378

Construction	\$170,892
Administrative (design and construction)	34,178
Revolving Fund Deposit	11,750
Costs of Issuance	7,605
Finance Fees	5,875
Bond Discount	<u>4,700</u>
Total	<u>\$235,000</u>

District Number 1379

Construction and Administrative (design and construction)	\$374,739
Revolving Fund Deposit	22,100
Engineering Fee	15,470
Costs of Issuance	9,801
Finance Fees	11,050
Bond Discount	<u>8,840</u>
Total	<u>\$442,000</u>

District Number 1380

Construction and Administrative (design and construction)	\$69,324
Revolving Fund Deposit	3,491
Engineering Fee	2,444
Costs of Issuance	1,600
Finance Fees	1,745
Bond Discount	<u>1,396</u>
Total	<u>\$80,000</u>

District Number 1383

Construction and Administrative (design and construction)	\$266,440
Revolving Fund Deposit	15,900
Engineering Fee	11,130
Costs of Issuance	10,220
Finance Fees	7,950
Bond Discount	<u>6,360</u>
Total	<u>\$318,000</u>

(c) The City is authorized, pursuant to Section 7-12-4193 of the Act, 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 Districts and the City.

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

Section 2. Determination 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 Districts in the respective principal amounts set forth below is in the best interest of each of the Districts and the City 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 rate on the Bonds and because as single issue will reduce the costs of issuance of the Bonds

<u>District Number</u>	<u>Principal Amount</u>
1378	\$235,000
1379	442,000
1380	80,000
1383	318,000

This Council further determines to fix the minimum price for the Bonds at \$1,056,725 (98.3% of par), plus interest accrued, if any, 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

Section 3. Findings and Determination to Pledge the Revolving Fund. This Council previously found it to be in the public interest and in the best interest of the City and Districts to secure payment of principal of and interest on the Bonds, by the Revolving Fund and authorized the City to enter into the undertaking and agreements authorized in the Act in respect of the Bonds, based upon the following factors:

(a) Estimated Market Value of Parcels. The special assessments to be levied against each lot, tract or parcel for the Improvements in each District, as a general matter, is less than the increase in estimated value of the lot, parcel, or tract as a result of the construction of the Improvements.

(b) Diversity of Property Ownership. Substantially all the lots, tracts or parcels in each District are under separate ownership.

(c) Comparison of Special Assessments, Property Taxes and Market Value. Based upon an

analysis of the aggregate amount of the proposed assessments, any outstanding special assessments (whether or not delinquent), and any delinquent property taxes against each lot, parcel, or tract in the Districts, in comparison to the estimated market value of such lot, parcel, or tract after the Improvements; the City has concluded that, overall, the estimated market value of the lots, parcels, or tracts, exceeds the sum of special assessments, delinquent property taxes, and current assessments.

(d) Delinquencies. The tax delinquency rates for properties in the Districts are generally no greater than the delinquency rate of the City at large, and therefore, no unusual need for loans from the Revolving Fund are expected.

(e) The Public Benefit of the Improvements. The Improvements in each District are of a public nature and generally benefit to the community at large as well as provide a special benefit to the property owners to be assessed, and therefore, the use of the Revolving Fund to secure the Bonds is in the public interest.

The specific findings relating to the factors mentioned in (a)-(e) above that are required by Section 7-12-4225 of the Act in order to pledge the Revolving Fund to the Bonds were ratified and confirmed in the resolutions creating Special Improvement Districts, Nos. 1378, 1379, and 1383, adopted by this Council pursuant to Resolution No. 07-18555 adopted on May 19, 2007, Resolution No. 07-18579 adopted on July 23, 2007, and Resolution No. 08-18669 adopted on January 28, 2008, 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. The findings required by Section 7-12-4225 of the Act have not been previously made by this Council with respect to District No. 1380. The Council will consider, at the August 25, 2008 Council meeting, the above factors with respect to pledging the Revolving Fund to secure payment of the Bonds allocated to District No. 1380. The consideration of the pledging the Revolving Fund to the Bonds allocated to District No 1380 will be made by this Council after publication of a notice and a public hearing with respect to pledging the Revolving Fund to the Bonds allocated to District No. 1380.

Section 4. Terms of the Bonds. This Council hereby authorizes the issuance and sale of the Bonds in the original aggregate principal amount of \$1,075,000 for the purpose of financing the Improvements. The Bonds shall be dated, as originally issued, as of September 29, 2008 or such other date as designated by the City Administrator, and shall bear interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2009, 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 (unless combined into one or more term bonds):

Year	Principal Amount	Year	Principal Amount
2009	\$65,000	2017	\$70,000
2010	55,000	2018	70,000
2011	55,000	2019	80,000
2012	60,000	2020	85,000
2013	65,000	2021	85,000
2014	65,000	2022	85,000
2015	65,000	2023	100,000
2016	70,000		

Bidders will have the option of combining the Bonds maturing from 2009 to and including 2018 and from 2019 to and including 2023 into one or more terms bonds. If any Bonds are issued as term bonds, such term bonds will be subject to annual mandatory sinking fund redemption on each July 1, concluding no later than 2023, at a redemption price equal to the principal amount of such Bonds or portions thereof to be redeemed with interest accrued thereon and payable on January 1 and July 1 to the redemption date, in installments and in the same amounts and same dates as the bonds would have matured if they were not included in a term bond.

The Bonds shall be issued as serial or term bonds and shall be in the denomination of \$5,000 each or any integral multiple thereof of single maturities.

The Bonds shall be issuable only as fully registered bonds and shall be executed by the manual or facsimile signatures of the Mayor, City Administrator and the City Clerk. The payment of principal and interest due on 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 on September 8, 2008. Sealed bids for purchase of the Bonds shall be submitted to the Financial Services Manager of the City or shall be received by the City by electronic transmission through Parity™. Bids for the Bonds may be made in either case until 12:00 noon, M.T., on September 8, 2008, at which time bids will be opened and tabulated by the Financial Services Manager and the City's Financial Advisor, Springsted Incorporated. At a regular meeting of this Council on September 8, 2008, at or after 6:30 p.m., M.T., the City will consider the bids and, if a responsive and acceptable bid is received, award the sale of the Bonds. Such revisions and amendments as are necessary to the Notice of Sale are hereby authorized to be made by the City Administrator in consultation with bond counsel to the City. The City Clerk is hereby authorized and directed to cause notice of the sale to be published, as required by Sections 7-12-4204 of the Act and Montana Code Annotated, Sections 7-7-4252 and 17-5-106, in *The Billings Times*, the official newspaper of the City, once each week for two (2) successive weeks preceding the week of the Bond 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.

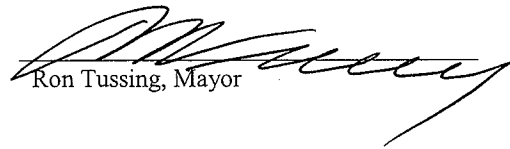
Section 6. Official Statement. The City Administrator and other officers of the City, are hereby authorized and directed to prepare on behalf of the City a preliminary official statement and a final official statement (collectively, the "Official Statement"), to be distributed to potential purchasers of the Bonds. The Official Statement will contain the terms and conditions of sale set forth in the Notice of Sale attached to this resolution as Exhibit A and such other information as shall be advisable and necessary to describe accurately (i) the City, (ii) the Districts, (iii) the Improvements, and (iv) the security for, and terms and conditions of, the Bonds. The City Administrator is authorized on behalf of the City 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 (the "Rule").

Section 7. Continuing Disclosure. In order to permit bidders for the Bonds to comply with paragraph (b)(5) of the Rule 15c2-12, the City will enter into a Continuing Disclosure Undertaking for the benefit of the registered holders and beneficial owners from time to time of the outstanding Bonds to provide annual reports of specified information and notice of the occurrence of certain events, if material. A description of the Continuing Disclosure Undertaking will be set forth in the Official Statement for the Bonds. Failure of the City to enter into a Continuing Disclosure Undertaking similar to that described in the Official Statement would relieve the successful bidder of its obligations to purchase the Bonds.

Passed by the City Council of the City of Billings, Montana, this 11th day of August, 2008.



CITY OF BILLINGS


Ron Tussing, Mayor


Attest: 
Cari Martin, City Clerk

EXHIBIT A

NOTICE OF BOND SALE

\$1,075,000
CITY OF BILLINGS, MONTANA
POOLED SPECIAL IMPROVEMENT DISTRICT BONDS,
SERIES 2008A
(SPECIAL IMPROVEMENT DISTRICT NOS. 1378, 1379, 1380, AND 1383)

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-referenced bonds (the "Bonds") drawn against the funds of the following special improvement districts in the respective principal amounts set forth below:

<u>District No.</u>	<u>Principal Amount</u>
1378	\$235,000
1379	442,000
1380	80,000
1383	318,000

Sealed bids for the purchase of the Bonds will be received at the office of the City Clerk of the City of Billings, City Hall, 1st Floor of Park II, at 210 North 27th Street, Billings, Montana, until 12:00 p.m., M.T., on Monday, September 8, 2008. The bids will be opened and tabulated and the City Council of the City will meet at their regular meeting at 6:30 p.m. on the same day in the Council Chambers, 2nd Floor of the Police Facility, 220 North 27th Street, Billings, Montana, to consider the bids received and to award the sale of the Bonds.

Book Entry

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity, through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

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 Special Improvement District Nos. 1378, 1379, 1380, and 1383 (collectively, the "Districts"), in accordance with the provisions of Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended (the "Act"). 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 Districts benefited by the Improvements to be undertaken therein or therefor. The special assessments are payable in equal, semiannual installments over a fifteen (15) year period, with unpaid principal 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 District Revolving Fund of the City (the "Revolving Fund"). The City will agree to make a loan from the Revolving Fund to the debt service fund (and the accounts therein) established for the Districts 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 and for the period authorized by law.

Date and Type

The Bonds will be dated, as originally issued, as of September 29, 2008, or such other date as determined by the City Administrator, and will be issued as negotiable investment securities in registered form as to both principal and interest.

Maturities and Form

The Bonds shall mature, subject to redemption, on July 1 in the following years and amounts (unless combined into one or more term bonds):

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2009	\$65,000	2017	\$70,000
2010	55,000	2018	70,000
2011	55,000	2019	80,000
2012	60,000	2020	85,000
2013	65,000	2021	85,000
2014	65,000	2022	85,000
2015	65,000	2023	100,000
2016	70,000		

Bidders will have the option of combining the Bonds maturing from and after 2009 to and including 2018 and from and after 2019 to and including 2023 into one or more terms bonds. If any Bonds are issued as term bonds, such term bonds will be subject to annual mandatory sinking fund redemption on each July 1, concluding no later than 2023, at a redemption price equal to the principal amount of such Bonds or portions thereof to be redeemed with interest accrued thereon and payable on January 1 and July 1 to the redemption date, in installments and in the same amounts and same dates as the bonds would have matured if they were not included in a term bond.

The Bonds shall be issued as serial or term bonds and shall be in minimum denominations of \$5,000 each or any integral multiple thereof of single maturities.

Redemption

Mandatory Redemption. If on any interest payment date there will be a balance in the debt service 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 District or from the transfer of surplus money from the construction account to the debt service fund, 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 debt service 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.

If the successful bidder for the Bonds selects to combine two or more maturities into term bonds, then the Bonds combined into a term bond shall be subject to mandatory sinking fund redemption at a redemption price equal to 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, 2018, from the proceeds of refunding special improvement district bonds or warrants. The redemption price shall the principal amount of the Bonds to be redeemed plus interest accrued t 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, Interest Rates

Interest on the Bonds will be payable each January 1 and July 1, commencing January 1, 2009, 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 the date of original issue until paid at a single, uniform rate. The 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 for the Bonds on the basis of a 360-day year consisting of twelve 30-day months.

Bond Registrar, Transfer Agent and Paying Agent

The City will designate and contract with U.S. Bank National Association, Seattle, Washington, to act as bond registrar, transfer agent and paying agent (the "Registrar") for the Bonds. 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 remove the Registrar and to appoint a suitable successor.

Delivery

Within thirty (30) 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 (5) 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 stating 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.

Within 48 hours after the ratification of the award of the Bonds, the winning bidder will be required to notify the City and its Financial Advisor in writing of (1) the initial offering price of the Bonds to the public (excluding bond brokers and other intermediaries) at which a substantial portion (10%) of each maturity of the Bonds have been or are expected to be sold, (2) the initial offering yield to maturity for each maturity of the Bonds and (3) the selling compensation and the identity of the underwriter(s) necessary to complete the Official Statement.

In addition, prior to delivery of the Bonds, the winning bidder will be required to complete, execute, and deliver to the City a certificate in form and substance required by Bond Counsel with respect to the public offering price and yield of the Bonds and the total compensation received and profit realized by the winning bidder in connection with the purchase and sale of the Bonds. By submitting its bid, each bidder agrees to complete, execute and deliver such certificate prior to the delivery of the Bonds if its bid is accepted. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, and otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

Not Qualified Tax-Exempt Obligations

The Bonds will not 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.").

Legal Opinion

An opinion as to the validity of the Bonds and the exclusion of the interest thereon from gross income for federal income tax purposes and Montana individual income tax purposes will be furnished by Kennedy & Graven, Chartered, P.C., of Minneapolis and Saint Paul, Minnesota, as Bond Counsel, at the expense of the Purchaser. The legal opinion will be provided at closing. The legal opinion will state that the Bonds are valid and binding special, limited 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.

Type of Bid and Good Faith Deposit

Sealed or electronic bids for not less than \$1,056,725 (98.3% of par) and accrued interest, if any, on the principal sum of \$1,075,000 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.

Bids for the Bonds may be transmitted electronically through Parity™, in accordance with these terms and conditions. Unless submitting a printed bid, a prospective bidder must electronically submit a bid for the Bonds via PARITY™. Bids may be submitted electronically via PARITY™ in accordance with this Notice of Bond Sale, until 12:00 p.m. M.T. but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY™ conflict with this Notice of Bond Sale, the terms of this Notice of Bond Sale shall control. For further information about PARITY™, potential bidders may contact the Financial Advisor at Springsted Incorporated 380 Jackson Street, Suite 300, St. Paul, Minnesota 55101-2887, Telephone (651) 223-3000 or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

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 \$10,750 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 City Clerk. 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 City Administrator 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 Debt/Investment Coordinator, Teri Walker, 210 North 27th Street, Billings, Montana 59101, telephone (406) 657-8363.

The City reserves the right to postpone the date and time established for the receipt of bids. If any date and time fixed for the receipt of bids and the sale of the Bonds is postponed, an alternative sale date and time will be announced at least one business day prior to such alternative sale date. On any such alternative sale date and time, any bidder may submit bids electronically as described above for the purchase of the Bonds in conformity in all respects with the provision of this Notice of Bond Sale, except for the date and time of sale.

Award

The bid authorizing the lowest true interest cost (TIC) for the Bonds, will be deemed the most favorable. The TIC is the effective cost of the Bonds based on Bond proceeds received at closing calculated from the dated date of the Bonds. In the event that two or more bids state the lowest true interest cost, the sale of the Bonds will be awarded by lot. No oral bids will be considered. The City Council will consider sealed bids. The City reserves the rights to reject any and all bids, to waive informalities in any bid and to adjourn the sale.

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 original purchaser, if the original purchaser waives any delay in delivery occasioned thereby.

Official Statement

The City will prepare an Official Statement relating to the Bonds which the City will deem to be final as of its date. The City will deliver, at closing, a certificate executed by the Mayor, City Administrator and 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.

The Notice of Bond Sale and the Preliminary Official Statement may be viewed and downloaded at www.springsted.com or a physical copy may be obtained by contacting the City.

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 (7) business days after the sale of the Bonds the City will furnish to the successful bidder, without charge, seventy-five (75) copies of the final Official Statement relating to the Bonds. The successful bidder must notify the City Administrator in writing within five (5) business days after the award of sale of the Bonds if it requires additional copies of the Official Statement. The cost of additional copies of the Official Statement shall be paid by the successful bidder.

Continuing Disclosure

In order to permit bidders for the Bonds to comply with paragraph (b)(5) of the Rule 15c2-12, the City will enter into a Continuing Disclosure Undertaking for the benefit of the registered holders and beneficial owners from time to time of the outstanding Bonds to provide annual reports of specified information and notice of the occurrence of certain events, if material. A copy of the proposed Continuing Disclosure Undertaking will be set forth in the Official Statement for the Bonds. Failure of the City to enter into a Continuing Disclosure Undertaking similar to that described in the Official Statement would relieve the successful bidder of its obligations to purchase the Bonds.

Information for bidders and bidding forms may be obtained from the City's Financial Service Manager, Patrick Weber, 210 North 27th Street, Billings, Montana 59101, telephone (406) 657-8209.

Dated: August 11, 2008

BY ORDER OF THE CITY COUNCIL
OF THE CITY OF BILLINGS, MONTANA

/s/ Cari Martin

City Clerk

Publish: August __, 2008
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