

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Billings (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. 08-1876 ("RESOLUTION RELATING TO \$10,200,000 HIGHER EDUCATION REVENUE NOTE MOUNTAIN COLLEGE PROJECT), SERIES 2004; APPROVING AN AGREEMENT FOR PAYM REIMBURSEMENT BETWEEN ROCKY MOUNTAIN COLLEGE AND FIRST INTERSTATE B "Resolution"), on file in the original records of the City in my legal custody; that the Resolution adopted by the City Council of the City at a meeting on October 14, 2008, and that the meeting was du the City Council and was attended throughout by a quorum, pursuant to call and notice of such meetin required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 Council Members voted in favor thereof: Ronquillo, Gaghen, Pitman, Stevens, Veis, Ruegamer Ulledalen, Astle, and Clark; voted against the same: none; abstained from voting none; or were absent: none.

WITNESS my hand and seal officially this 14th day of October, 2008.

(SEAL)



Cari Martin  
City Clerk

RESOLUTION NO. 08-18760

RESOLUTION RELATING TO \$10,200,000 HIGHER EDUCATION REVENUE NOTE (ROCKY MOUNTAIN COLLEGE PROJECT), SERIES 2004; APPROVING AN AGREEMENT FOR PAYMENT OR REIMBURSEMENT BETWEEN ROCKY MOUNTAIN COLLEGE AND INTERSTATE BANK

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

Section 1. Recitals; Authorizations; Requests.

1.01. The City previously issued its Higher Education Revenue Note (Rocky Mountain College Series 2004 in the original aggregate principal amount of \$10,200,000 (the "Series 2004 Note") pursuant to Resolution No. 03-18010 approved by this Council on November 24, 2003 and a Loan Agreement dated February 15, 2004 (the "Loan Agreement") between the City and Rocky Mountain College (the "College").

1.02. First Interstate Bank, Billings, Montana (the "Bank") was the original purchaser and is the holder of the Note as therein defined (the "Holder").

1.03. The City, pursuant to an Assignment of Loan Agreement dated February 15, 2004, has assigned and transferred certain rights under the Loan Agreement to the Holder, including without limitation the right to receive Loan Repayments (as defined in the Loan Agreement).

1.04. Under its terms, the interest payable on the Note is subject to adjustment each Rate Adjustment Date (as defined in the Note), the first of which is September 1, 2009 (the "First Rate Adjustment Date").

1.05. Under the terms of the Loan Agreement, the College is required at all times to make Loan Repayments in an amount equal to the interest and principal due and payable on the Note.

1.06. At the request of the College, the Bank is discussing a swap transaction with The Northern Trust Company ("Northern Trust"), under which the Bank would establish the rate to become effective on the First Rate Adjustment Date in accordance with a Master Agreement to be entered into by and between Northern Trust and the Bank (together with all schedules, exhibits, amendments and modifications thereto, the "Master Agreement").

1.07. On the First Rate Adjustment Date, Northern Trust would settle the swap by either paying to the Bank or receiving from the Bank a differential based on current rates as of the First Rate Adjustment Date.

1.08. If the Future Swap Rate is higher than the Current Swap Rate, then Northern Trust would settle the swap by paying the differential to the Bank; conversely, if the Future Swap Rate is lower than the Current Swap Rate, then the Bank would settle the swap by paying the differential to Northern Trust.

1.09. The Bank is willing to execute the Master Agreement in order to potentially minimize the effect of the interest rate adjustment to the Note on the First Rate Adjustment Date, as well as the effect of the interest rate adjustment to the Loan Repayments under the Loan Agreement, subject to the terms and conditions of the Master Agreement to be entered into between the College and the Bank with respect to the payments to be received under the Master Agreement.

1.10. To effectuate the foregoing, the Bank and the College have presented to the City a draft Agreement for Payment or Reimbursement to be dated as of October 14, 2008 (the "Agreement for Payment or Reimbursement") between the College and the Bank, a copy of which is attached hereto as Exhibit A, and a form of the ISDA Master Agreement and Schedule dated as of July 16, 2008 to be entered into between the College and Northern Trust (collectively, the "Agreements"), copies of which have been presented to this Council and attached hereto as Exhibit A to the Agreement for Payment or Reimbursement.

1.11. The City has been advised by Dorsey & Whitney LLP, bond counsel for the Series 2004 Note, that entering into the Agreements will result in a deemed "reissuance" of the Note for federal tax purposes. In order to maintain the Series 2004 Note exemption of interest from federal income taxation, the City must execute the Agreement and file certain documents with the Internal Revenue Service.

Section 2. Approvals.

2.01. This Council hereby approves the entering into of the Agreement for Payment or Reimb which along with the Master Agreement and Schedule shall be filed with the City Clerk and made a p proceedings related to the Series 2004 Note.

2.02. The Council authorizes Dorsey & Whitney LLP ("Bond Counsel") at the sole expen College to prepare, deliver and file all documents as may be necessary to effectuate this Resolutio preserve the exemption from federal income tax of the Series 2004 Note.

Section 3. Tax and Arbitrage Considerations.

3.01. As a result of the transaction contemplated and approved by this Resolution, the Series 2 will be deemed reissued as of the date of execution of the Agreements. The City has executed and de Tax Certificate with respect to the Series 2004 Note and the College has executed and delivered as part Tax and Rebate Certificate (the "College Tax Certificate")(collectively the "Tax Certificates"), under v College has covenanted to meet various requirements to maintain the tax exempt status of the Series 2( including among other things compliance with Section 148(f) of the Internal Revenue Code. In Sectio the College Tax Certificate the College agrees to prepare calculations of Rebatable Arbitrage within 3 each Computation Date as defined therein. In the City's Tax Certificate, the Computation Date is defin Installment Computation Date and the Final Computation Date." Installment Computation Date is d "the last day of the fifth Note Year and the last day of every fifth Note Year thereafter but not including Computation Date. If the principal installments of the Notes are paid on their stated maturity c installment Computation Dates will be September 1, 2009, September 1, 2014, September 1, 2019, Sep 2024, September 1, 2029, and September 1, 2034.

3.02. Since the 2004 Note will be deemed "reissued" as a result of the Agreements, the first Cor Date will be the date of execution and delivery of the Agreements, the date the Series 2004 Note is d have been redeemed and reissued. Subsequent Computation Dates will be each fifth year thereafter: S 1, 2013, 2018, 2023, 2028, and 2033. All other terms, conditions and obligations under the Tax Certific be binding and enforceable as originally written.

3.03. Swap Identification. If advised to do so by the City's bond counsel, the City Clerk is a and directed to identify the swap transaction on its books and records and to execute such certificatio swap identification as bond counsel may request.

Section 4. Indemnification. The Borrower's Agreement to indemnify and hold harmless the C forth in Section 4.02 of the Loan Agreement is a continuing obligation as long as the Series 200 outstanding and shall extend to any actions taken by the City under this Resolution.

Section 5. Effective Date. The Resolution shall become effective on approval by the Council.

PASSED AND APPROVED by the City Council of the City of Billings, Montana, this 14th day of Octo 2008.



Attest:

Cari Martin  
Cari Martin, City Clerk

THE CITY OF BILLINGS:

Ron Tüssing  
Ron Tüssing, Mayor