

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 Resolution No. **01-17668** entitled: "RESOLUTION RELATING TO SPECIAL IMPROVEMENT DISTRICT NO. 1352; CREATING THE DISTRICT FOR THE PURPOSE OF UNDERTAKING CERTAIN LOCAL IMPROVEMENTS AND FINANCING THE COSTS THEREOF AND INCIDENTAL THERETO THROUGH THE ISSUANCE OF SPECIAL IMPROVEMENT DISTRICT BONDS SECURED BY THE CITY'S SPECIAL IMPROVEMENT DISTRICT REVOLVING FUND 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 meeting on February 12, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 Councilmembers voted in favor thereof: Unanimous

_____ ; voted
against the same: none ; abstained from
voting thereon: none ; or were absent: _____
Kennedy

WITNESS my hand officially this 12th day of February.

Marita Herold
Marita Herold, CMC/AE CITY CLERK

RESOLUTION NO. **01-17668**

RESOLUTION RELATING TO SPECIAL IMPROVEMENT DISTRICT NO. **1352**; CREATING THE DISTRICT FOR THE PURPOSE OF UNDERTAKING CERTAIN LOCAL IMPROVEMENTS AND FINANCING THE COSTS THEREOF AND INCIDENTAL THERETO THROUGH THE ISSUANCE OF SPECIAL IMPROVEMENT DISTRICT BONDS SECURED BY THE CITY'S SPECIAL IMPROVEMENT DISTRICT REVOLVING FUND AND ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE.

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

Section 1. Passage of Resolution of Intention. This Council, on January 22, 2001, adopted Resolution No. 17657 (the "Resolution of Intention"), pursuant to which this Council declared its intention to create a special improvement district, designated as Special Improvement District No. **1352** of the City, under Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended, for the purpose of financing the costs of certain local improvements described generally therein (the "Improvements") and paying costs incidental thereto, including costs associated with the sale and the security of special improvement district bonds drawn on the District (the "Bonds"), the creating and administration of the District, the funding of a deposit to the City's Special Improvement District Revolving Fund (the "Revolving Fund").

Section 2. Notice and Public Hearing. Notice of passage of the Resolution of Intention was duly published and mailed in all respects in accordance with the law, and on February 12, 2001, this Council conducted a public hearing on the creation or extension of the District and the making of the Improvements. The meeting of this Council at which this resolution was adopted is the first regular meeting of the Council following the expiration of the period ended 15 days after the first date of publication of the notice of passage of the Resolution of Intention (the "Protest Period").

Section 3. Protests. Within the Protest Period, 5.37% protest was filed with the City Clerk and not withdrawn by the owners of property in the District subject to assessment for 100% of the total costs of the Improvements or representing 100% of the area of the District to be assessed for the cost of the Improvements. **The protest represents 5.3% of the assessed cost.**

Section 4. Creation of the District; Insufficiency of Protests. The District is hereby created on the terms and conditions set forth in, and otherwise in accordance with, the Resolution of Intention. The protests against the creation or extension of the District or the making of the Improvements filed during the Protest Period, if any, are hereby found to be insufficient. The findings and determinations made in the Resolution of Intention are hereby ratified and confirmed.

Section 5. Reimbursement Expenditures.

5.01. Regulations. The United States Department of Treasury has promulgated final regulations governing the use of proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the City for project expenditures paid by the City prior to the date of issuance of such bonds. 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 bonds be issued and the reimbursement allocation made from the proceeds of the bonds within 18 months (or three years, if the reimbursement bond issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) after the later of (i) the date the expenditure is paid or (ii) the date the project is placed in service or abandoned, but (unless the issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) 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 bonds.

5.02. Prior Expenditures. Other than (i) expenditures to be paid or reimbursed from sources other than the Bonds, (ii) expenditures permitted to be reimbursed under the transitional provision contained in Section 1.150-2 (j) (2) 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 Improvements have been paid by the City before the date 60 days before the date of adoption of this resolution.

5.03. Declaration of Intent. The City reasonably expects to reimburse the expenditures made for costs for the Improvements out of the proceeds of Bonds in an estimated maximum aggregate principal amount of \$90,000 after the date of payment of all or a portion of the costs of the Improvements. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the Bonds or other expenditures eligible for reimbursement under Section 1.150-2 (d) (3) of the Regulations.

5.04. Budgetary Matters. As of the date hereof, there are not City funds 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 Improvements, other than pursuant to the issuance of the Bonds. The statement of intent contained in this resolution, therefore, is determined to be consistent with the City's budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof.

5.05. Reimbursement Allocations. The City's financial officer shall be responsible for making the "reimbursement allocations" described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the Bonds to reimburse the source of temporary financing used by the City to make prior payment of the costs of the Improvements. Each allocation shall be evidenced by an entry on the official books and records of the City maintained for the Bonds or the Improvements and shall specifically identify the actual original expenditure being reimbursed.

PASSED AND ADOPTED by the City Council of the City of Billings, Montana, this 12th day of February 2001.

THE CITY OF BILLINGS:



BY

Charles F. Tooley
Charles F. Tooley
MAYOR

ATTEST:

BY *Marita Herold*
Marita Herold, CMC/AAE CITY CLERK

EXHIBIT A

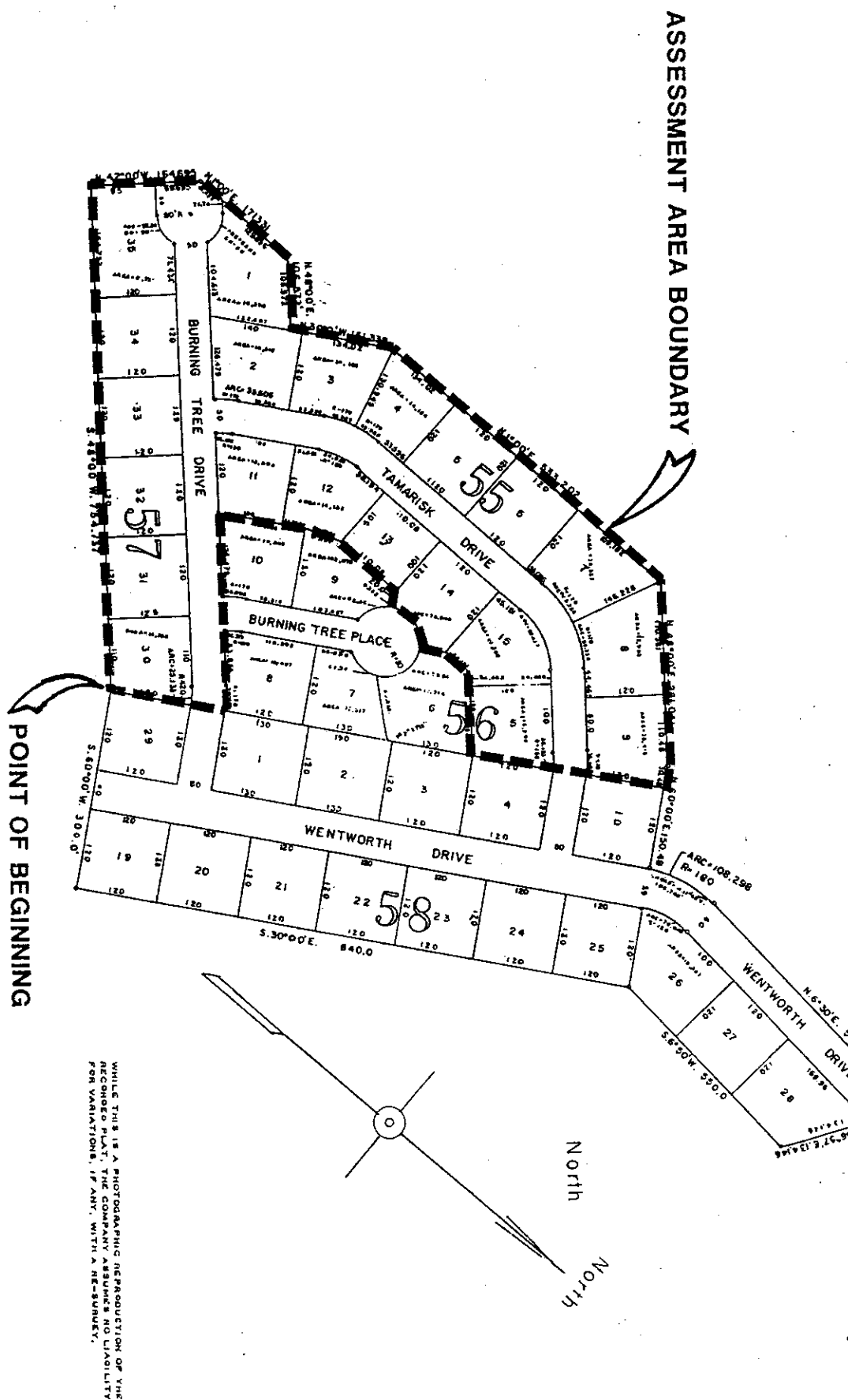
LAKE HILLS SUBDIVISION

TWENTY-SECOND FILING

LOCATED IN SECTION 16, Twp. 1, N.R. 26E. M.P.M.

YELLOWSTONE COUNTY, MONTANA.

L.R. Sampson 370 ES April, 1958.



WHILE THIS IS A PHOTOGRAPHIC REPRODUCTION OF THE RECORDED PLAT, THE COMPANY ASSUMES NO LIABILITY FOR VARIATIONS, IF ANY, WITH A RE-SURVEY.

Exhibit B
LEGAL DESCRIPTION
OF
CURB AND GUTTER, SIDEWALK, ASPHALT PAVING, WATER SYSTEM,
SANITARY SEWER SYSTEM, AND STORM DRAIN SYSTEM
S.I.D. 1352

Located in Section 16, Township 1 North, Range 26 East, P.M.M., Yellowstone County, Montana, being more particularly described as follows:

Beginning at the Northeasterly corner of Lot 30, Block 57, Lake Hills Subdivision, 22nd filing; thence Southwesterly on and along the Southerly lines of Lots 30 thru 35, Block 57, Lake Hills Subdivision, 22nd filing, to the Southwesterly corner of said Lot 35, Block 57; thence Northwesterly on and along the Westerly line of Lot 35, Block 57 to the Northwesterly corner of said Lot 35, Block 57; thence continuing Northwesterly on and along the Northwesterly extension of the Westerly line of said Lot 35, Block 57, to a point of intersection with the Southerly extension of the Westerly line of Lot 1, Block 55, Lake Hills Subdivision, 22nd filing; thence on and along said Southerly extension and Westerly line of Lot 1, Block 55, to the Northwesterly corner of said Lot 1, Block 55; thence Northeasterly on and along the Northerly line of said Lot 1, Block 55, to the Northeasterly corner of said Lot 1, Block 55, being also a point on the Westerly line of Lot 2, Block 55, Lake Hills Subdivision, 22nd filing; thence on and along the Westerly lines of Lots 2 thru 7, Block 55, Lake Hills Subdivision, 22nd filing to the Northwesterly corner of Lot 8, Block 55, Lake Hills Subdivision, 22nd filing; thence Northeasterly on and along the Northerly line of Lots 8 and 9, Block 55 to the Northeasterly corner of said Lot 9, Block 55; Thence Southeasterly to the Southeasterly corner of Lot 5, Block 56, Lake Hills Subdivision, 22nd filing; thence Southwesterly on and along the Southerly line of said Lot 5, Block 56, to the Southwesterly corner of said Lot 6, Block 56, being also the Northeasterly corner of Lot 15, Block 56, Lake Hills Subdivision, 22nd filing; thence Southerly on and along the Easterly lines of Lots 15, 14, 13, 12 and 11, Block 56, to the Southeast corner of said Lot 11, Block 56, being also a point of the Northerly right-of-way line of Burning Tree Drive; thence Northeasterly on and along said Northerly right-of-way line of Burning Tree Drive to the Southeasterly corner of Lot 8, Block 56, Lake Hills Subdivision, 22nd filing; thence Southeasterly to the point of beginning.

Excluding all existing streets, avenues, roads, alleys, public parks, and public rights-of-way.

Exhibit "C"
OPINION OF PROBABLE PROJECT COST

Ken Hollar Development

Location: Tamarisk Drive & Burning Tree Drive
Lake Hills Subdivision, 22nd Filing
8-Jan-01

Water, Sewer, Storm Drain, and Street Improvements

Item	Quantity	Unit	Unit Price	Item Cost
8" PVC Water Pipe	1540	LF	\$ 24	\$ 36,960
8" Valve	4	EA	\$ 800	\$ 3,200
8" Bend	7	EA	\$ 225	\$ 1,575
8" Tee	4	EA	\$ 250	\$ 1,000
8" Plug	1	EA	\$ 250	\$ 250
Fire Hydrant Setting (w/ Valve and Pipe)	3	EA	\$ 2,600	\$ 7,800
Water Service	22	EA	\$ 600	\$ 13,200
Connect to Existing	2	EA	\$ 1,000	\$ 2,000
8" PVC Sanitary Sewer	1470	LF	\$ 24	\$ 35,280
48" Manholes	8	EA	\$ 1,800	\$ 14,400
Sanitary Sewer Services	22	EA	\$ 600	\$ 13,200
Connect to Existing	2	EA	\$ 500	\$ 1,000
12" Storm Drain	155	LF	\$ 30	\$ 4,650
S.D. Inlets	2	EA	\$ 1,200	\$ 2,400
Concrete Curb & Gutter	3271	LF	\$ 12	\$ 39,252
Asphalt Surfacing (3")	1143	TON	\$ 25	\$ 28,575
Asphalt Oil (6%)	69	TON	\$ 150	\$ 10,350
1 1/2" Base Gravel	1711	CY	\$ 13	\$ 22,243
Concrete Wheelchair Ramp (2ea)	190	SF	\$ 5	\$ 950
Concrete Valley Gutter (Tam./BrnTree)	158	SF	\$ 5	\$ 790
Street/Traffic Signs	1	EA	\$ 260	\$ 260
5' Sidewalk	2053	SF	\$ 3	\$ 6,159
Sub-Total				\$ 245,494
Mobil/Demobil (4%)	1	LS	9,819.76	\$9,819.76
Taxes, Bond, Insurance (3%)	1	LS	7,364.82	\$7,364.82
Sub-Total				\$262,678.58
Contingency (7%)				\$18,387.50
Sub-Total				\$281,066.08
Engineering & GeoTech Report				\$44,029.00
GeoTechnical Testing (const)				\$2,000.00
Total Project Cost				<u>\$327,095.08</u>

H:\0787\003\040\REVISED JAN 01\Revised Tamarick Cost Estimate.xls]1

Exhibit "C"

SID 1352

Total Construction	281,066.08	85.15%
Total Engineering	46,029.00	13.95%
Total Creation & Advanced Costs	<u>2,970.84</u>	0.90%
Total	\$330,065.92	

Hollar Contribution to SID 1352: 16 Lots / 21 Lots = 76.19%

Construction	214,144.25	85.15%
Engineering	35,069.50	13.95%
Creation & Advanced Costs	<u>2,263.48</u>	0.90%
Total	\$251,477.23	

Totals minus Hollar Contribution to SID 1352:

Total Construction	66,921.83	85.15%
Total Engineering	10,959.50	13.95%
Creation & Advanced Costs	<u>707.36</u>	0.90%
Total	\$78,588.69	

Total Lots in the District = 21

Cost / Ea. = 330,065.92 / 21 = \$15,717.42 / Ea.

SID Lots = 5

SID Contribution for 5 Lots = 5 Lots x (\$15,717.74) = \$78,588.69

Construction & Engineering Attributable to Bonds

Total = (\$330,065.92 - \$251,477.23)	= \$78,588.69
Construction = (\$281,066.08 - \$214,144.25)	= \$66,921.83
Engineering = (\$46,029.00 - \$35,069.50)	= \$10,959.50
Creation & Advanced Costs = (2,970.84 - \$2,263.48)	= \$ 707.36

Finance Fee (2.5% of const.)	= \$1,673.01
Admin. Fee (2.5% of const.)	= \$1,673.01
	<u>\$ 81,934.71</u>

Bond Breakdown = (\$81,934.71 / 91.5%) = \$89,546.13

Revolving Fund (5%)	= \$4,477.31
Bond Discount (3.5%)	= \$3,134.11
Round off	= <u>\$ 453.87</u>
Total	= \$ 8,065.29

Total Bond = \$ 90,000.00

Exhibit "C"
ENGINEER'S ANALYSIS OF PROBABLE COST
S.I.D. No.1352
LAKE HILLS SUB, 22nd FILING, TAMARISK DRIVE & BURNING TREE DRIVE

EQUAL AMOUNT OPTION

COST PER LOT	\$90,000 / 5	=	\$18,000.00
<hr/>			
HOLLAR CASH CONTRIBUTION TO DISTRICT		=	\$251,477.23
<u>PLUS 1% PRIVATE CONTRACT FEE</u>		=	<u>\$2,514.77</u>
<u>TOTAL CASH CONTRIBUTION REQUIRED</u>		=	<u>\$253,992.00</u>
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Exhibit D

DESCRIPTION OF IMPROVEMENTS

SID 1352

LAKE HILL SUBDIVISION, 22nd FILING

TAMARISK DRIVE & BURNING TREE DRIVE

- 1. Water mains, and fire hydrants will be installed in Tamarisk Drive from the connection to the existing main at the West end of Lot 10, Block 55, to the intersection of Burning Tree Drive. In Burning Tree Drive from the connection to the existing main at the West end of Lot 1, Block 56, to the cul-de-sac at the west end of Burning Tree Drive.**
- 2. Sewer mains, and manholes will be installed in Tamarisk Drive from the connection to the existing main at the West end of Lot 10, Block 55, & in Burning Tree Drive from the connection to the existing main at the West end of Lot 1, Block 56.**
- 3. Curb & Gutter will be installed along both sides of Tamarisk Drive from the West end of Lot 10, Block 55, to the intersection of Burning Tree Drive, & along both sides of Burning Tree Drive from the West end of Lot 1, Block 56, to the West end of Burning Tree Drive.**

SID 1352

Exhibit E

Tax Code	SID #	SID Pay-off	Delinquent	SID 1352 Assessment	SID Pay-off + Delinquent + SID 1352 Assessment	Estimated Market Value	Estimated Market Value After Improvements
A-22716					\$ 15,717.42	\$ 3,486.00	\$ 19,203.42
A-22717			\$ 399.40		\$ 16,116.82	\$ 1,393.00	\$ 17,110.42
A-22718				\$ 18,000.00	\$ 18,000.00	\$ 3,274.00	\$ 21,274.00
A-22719			\$ 370.96		\$ 16,088.38	\$ 1,348.00	\$ 17,065.42
A-22720			\$ 376.30		\$ 16,093.72	\$ 1,357.00	\$ 17,074.42
A-22721				\$ 18,000.00	\$ 18,000.00	\$ 3,295.00	\$ 21,295.00
A-22722					\$ 15,717.42	\$ 3,482.00	\$ 19,199.42
A-22723			\$ 459.80		\$ 16,177.22	\$ 1,487.00	\$ 17,204.42
A-22724				\$ 18,000.00	\$ 18,000.00	\$ 3,684.00	\$ 21,684.00
A-22730			\$ 359.20		\$ 16,076.62	\$ 1,338.00	\$ 17,055.42
A-22736			\$ 349.22		\$ 16,066.64	\$ 1,322.00	\$ 17,039.42
A-22737				\$ 18,000.00	\$ 18,000.00	\$ 3,269.00	\$ 21,269.00
A-22738			\$ 286.14		\$ 16,003.56	\$ 1,224.00	\$ 16,941.42
A-22739					\$ 15,717.42	\$ 3,295.00	\$ 19,012.42
A-22740			\$ 368.17		\$ 16,085.59	\$ 1,349.00	\$ 17,066.42
A-22770			\$ 371.67		\$ 16,089.09	\$ 1,369.00	\$ 17,086.42
A-22771			\$ 386.11		\$ 16,103.53	\$ 3,295.00	\$ 19,012.42
A-22772			\$ 379.32		\$ 16,096.74	\$ 1,357.00	\$ 17,074.42
A-22773				\$ 18,000.00	\$ 18,000.00	\$ 3,295.00	\$ 21,295.00
A-22774			\$ 371.67		\$ 16,089.09	\$ 1,357.00	\$ 17,074.42
A-22775			\$ 456.19		\$ 16,173.61	\$ 1,490.00	\$ 17,207.42
Average			\$ 379.55	\$ 16,260.89	\$ 16,495.85	\$ 2,226.95	\$ 18,487.84
Median			\$ 371.67	\$ 15,717.42	\$ 16,093.72	\$ 1,487.00	\$ 17,204.42
Low			\$ 286.14	\$ 15,717.42	\$ 15,717.42	\$ 1,224.00	\$ 16,941.42
High			\$ 459.80	\$ 18,000.00	\$ 18,000.00	\$ 3,684.00	\$ 21,684.00
Note: The areas shaded represent the parcels making a cash contribution to the District							

SID 1352

Exhibit F

Summary of Delinquency Data

Tax Code	Block	Lot	1995	1996	1997	Total
A-22716	55	1				\$0.00
A-22717	55	2	\$137.40	\$132.34	\$129.66	\$399.40
A-22718	55	3				\$0.00
A-22719	55	4	\$127.60	\$122.92	\$120.44	\$370.96
A-22720	55	5	\$129.45	\$124.69	\$122.16	\$376.30
A-22721	55	6				\$0.00
A-22722	55	7				\$0.00
A-22723	55	8	\$158.20	\$152.35	\$149.25	\$459.80
A-22724	55	9				\$0.00
A-22730	56	5	\$125.12	\$120.53	\$113.55	\$359.20
A-22736	56	11	\$121.69	\$117.22	\$110.31	\$349.22
A-22737	56	12				\$0.00
A-22738	56	13	\$99.84	\$96.21	\$90.09	\$286.14
A-22739	56	14				\$0.00
A-22740	56	15	\$128.24	\$123.53	\$116.40	\$368.17
A-22770	57	30	\$129.45	\$124.69	\$117.53	\$371.67
A-22771	57	31	\$136.57	\$131.81	\$117.73	\$386.11
A-22772	57	32	\$132.08	\$127.23	\$120.01	\$379.32
A-22773	57	33				\$0.00
A-22774	57	34	\$129.45	\$124.69	\$117.53	\$371.67
A-22775	57	35	\$158.70	\$152.83	\$144.66	\$456.19
Total			\$1,713.79	\$1,651.04	\$1,569.32	\$4,934.15

Note: All delinquent properties shown are County tax deeds purchased by Lakewoods Properties, Inc., Ken Hollar, President