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. 04–18113, entitled: **RESOLUTION RELATING TO SPECIAL IMPROVEMENT DISTRICT NO. 1365; 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 **April 12, 2004**, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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;

or were absent: none.

WITNESS my hand officially this 12th day of April, 2004.

CITY OF BILLINGS • MONTANA • YELLOWSTONE COUNTY • SEAL

Susan Shaffer

Marita Herold, CMC   City Clerk

Deputy City Clerk

RESOLUTION NO. **04-<u>18113</u>**

RESOLUTION RELATING TO SPECIAL IMPROVEMENT DISTRICT NO. 1365; 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 March 22, 2004, adopted Resolution No. 18100 (the "Resolution of Intention"), pursuant to which this Council declared its intention to create a special improvement district, designated as Special Improvement District No. 1365 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 **April 12, 2004**, 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, <u>0%</u> 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 <u>0%</u> 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.

A. 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.

B. 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.

C. 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 **$46,000** 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.

D. 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.

E. 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 April 2004.

CITY OF BILLINGS • SEAL • YELLOWSTONE COUNTY, MONTANA

Charles F. Tooley, Mayor

Attest:

Susan Shuckler

Marita Herold, CMC/AAE City Clerk

Deputy City Clerk

LAKE HILLS SUBDIVISION – TWENTY–FIFTH FILING
LOCATED IN THE W1/2SE1/4 SECTION 9 – T.1N.–R.26E.,M.P.M.
YELLOWSTONE COUNTY, MONTANA.

EXHIBIT "A"

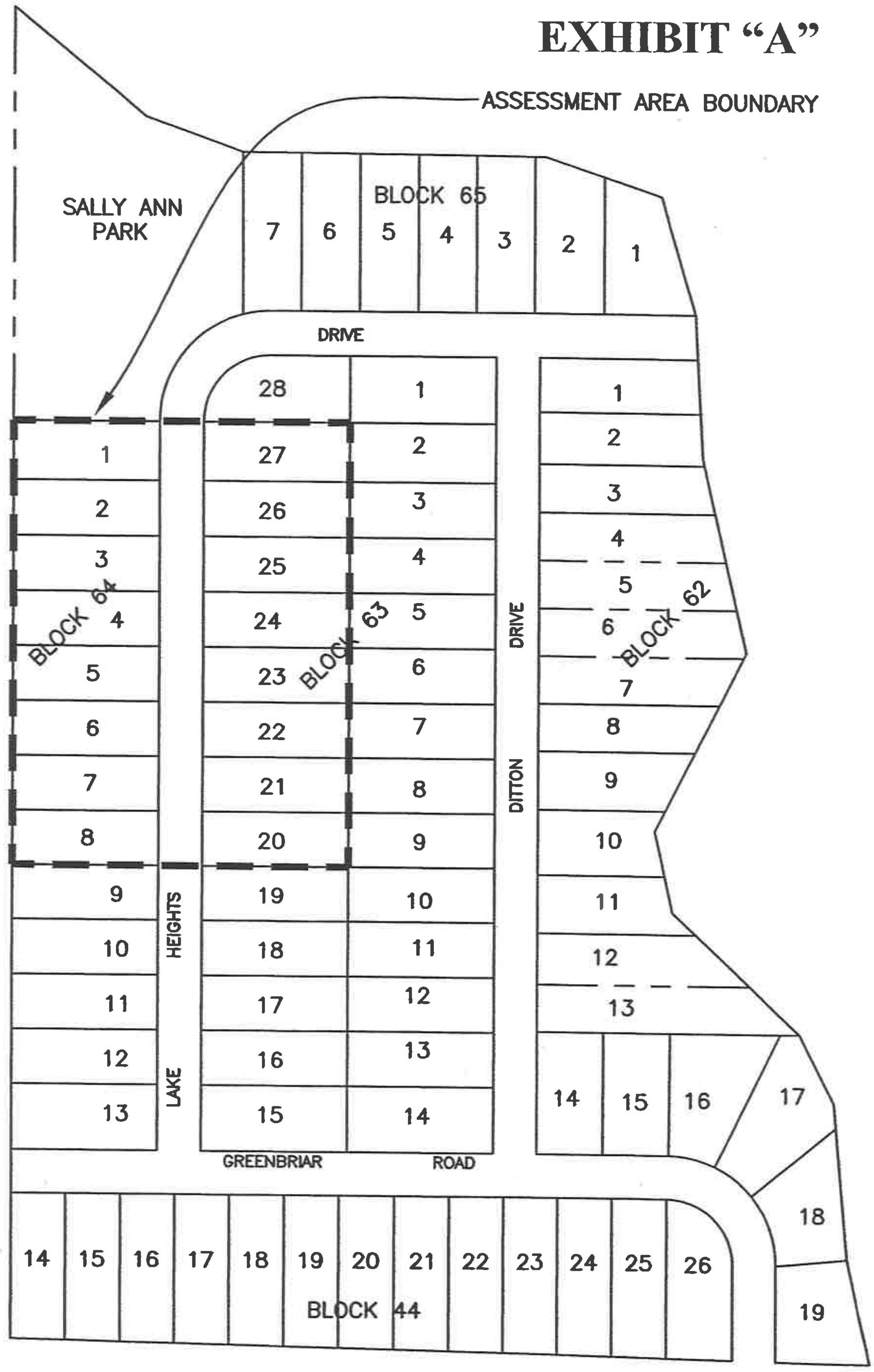

EXHIBIT "B"

LEGAL DESCRIPTION
OF
Special Improvement District 1365
City of Billings, MT

Located in Lake Hills Subdivision, Twenty-fifth Filing in Section 9, Township 1 North, Range 26 East, P.M.M., Yellowstone County, Montana, being more particularly described as follows:

Beginning at the Southwest corner of Lot 8, Block 64, Lake Hills Subdivision, 25th Filing; thence Northerly on and along the West line of said Lake Hills Subdivision, 25th Filing, to the Northwest corner of Lot 1, Block 64 in said Lake Hills Subdivision, 25th Filing; thence Easterly on and along the North line to the Northeast corner of said Lot 1, Block 64, Lake Hills Subdivision, 25th Filing; thence continuing easterly to the Northwest corner of Lot 27, Block 63, Lake Hills Subdivision, 25th Filing; thence Easterly on and along the North line of said Lot 27, to the Northeast corner of said Lot 27; thence Southerly to the Southeast corner of Lot 20, Block 63, Lake Hills Subdivision, 25th Filing; thence westerly on and along the South line of said Lot 20 to the Southwest corner of said Lot 20; thence continuing Westerly to the Southeast corner of Lot 8, of Block 64, Lake Hills Subdivision, 25th Filing; thence continuing Westerly on and along the South line of said Lot 8 to the POINT OF BEGINNING.

Excepting there from all existing streets, avenues, roads, alleys, and public rights-of-way.

EXHIBIT "C"

OPINION OF PROBABLE PROJECT COST
FOR PROPOSED S.I.D. 1365

SID 1365 - LAKE HEIGHTS DRIVE IMPROVEMENTS

Utility and Street Improvements

Location: Billings, Montana

Document Date: March 3, 2004

Total Improvements

Item No.	Item Description	Quantity Total	Quantity Unit	Unit Price	Total Cost
	GENERALS				
1	Mobilization / Demobilization (4%)	1.00	LS	$4,975.88	$ 4,975.88
2	Taxes, Bonds, and Insurance (3%)	1.00	LS	$3,731.91	$ 3,731.91
Subtotal - Generals					$ 8,707.79
	SCHEDULE I - UTILITIES				
101	8-inch Water Main	615.00	LF	$24.00	$ 14,760.00
102	6-inch Water Pipe	23.00	LF	$20.00	$ 460.00
103	8-inch Valve	2.00	EA	$800.00	$ 1,600.00
104	8x6-inch Tee	1.00	EA	$380.00	$ 380.00
105	8-inch Bend (Vertical)	2.00	EA	$300.00	$ 600.00
106	Fire Hydrant Setting with 6-inch Valve	1.00	EA	$2,200.00	$ 2,200.00
107	1-inch Water Service with Curb Stop & Box	16.00	EA	$600.00	$ 9,600.00
108	Connect to Existing Water @ STA 4+80	1.00	EA	$500.00	$ 500.00
109	8-inch Sanitary Sewer Main	550.00	LF	$30.00	$ 16,500.00
110	48-inch x 5-foot Basic Sanitary Sewer Manhole	1.00	EA	$1,500.00	$ 1,500.00
111	48-inch Additional Depth	8.50	VF	$100.00	$ 850.00
112	6-inch Sewer Service with 6-inch Plug at Property Line	16.00	EA	$600.00	$ 9,600.00
113	Connect to Existing Sewer @ STA 4+90	1.00	EA	$500.00	$ 500.00
114	Type II Storm Drain Inlet	2.00	EA	$1,200.00	$ 2,400.00
115	Storm Drain Manhole (48-inch)	1.00	EA	$1,500.00	$ 1,500.00
116	12-inch Storm Drain Pipe	550.00	LF	$30.00	$ 16,500.00
SUBTOTAL: SCHEDULE I - UTILITIES					$ 79,450.00
SCHEDULE II - STREET IMPROVEMENTS					
201	Unclassified Excavation	1,204.00	CY	$3.00	$ 3,612.00
202	Road Fill	275.00	CY	$2.00	$ 550.00
203	3-inch Asphalt Surfacing	375.00	TN	$25.00	$ 9,375.00
204	Asphalt Oil (6%)	22.50	TN	$140.00	$ 3,150.00
205	1 1/2-inch Base Gravel	583.00	CY	$16.00	$ 9,328.00

Item No.	Item Description	Quantity Total	Quantity Unit	Unit Price	Total Cost
206	Concrete Curb and Gutter	1,211.00	LF	$12.00	$ 14,532.00
207	Road Closed Barricade	1.00	EA	$500.00	$ 500.00
208	Enlarge Ditton Retention Pond	1.00	LS	$3,000.00	$ 3,000.00
209	Adjust Water Valve	2.00	EA	$125.00	$ 250.00
210	Adjust Manhole	2.00	EA	$200.00	$ 400.00
211	Adjust Storm Drain Inlet	2.00	EA	$125.00	$ 250.00
SUBTOTAL: SCHEDULE II - STREET IMPROVEMENTS					$ 44,947.00
TOTAL ESTIMATED CONSTRUCTION COST					$ 133,104.79
Construction Contingency (10%)					$ 13,310.48
Construction Administration Costs					
Engineering (20%), Rounded					$ 27,000.00
Geotechnical Testing & Report					$ 4,000.00
TOTAL ESTIMATED PROJECT COST: CONSTRUCTION, CONTINGENCY, AND ADMINISTRATION					$ 177,415.27

EXHIBIT "C"

OPINION OF PROBABLE PROJECT COST
FOR PROPOSED S.I.D. 1365

SID 1365 - LAKE HEIGHTS DRIVE IMPROVEMENTS

Utility and Street Improvements

Location: Billings, Montana   Document Date: March 3, 2004

Assessment #1 - Water Improvements

Item No.	Item Description	Quantity		Unit Price	Total Cost
		Total	Unit		
101	8-inch Water Main	615.00	LF	$24.00	$ 14,760.00
102	6-inch Water Pipe	23.00	LF	$20.00	$ 460.00
103	8-inch Valve	2.00	EA	$800.00	$ 1,600.00
104	8x6-inch Tee	1.00	EA	$380.00	$ 380.00
105	8-inch Bend (Vertical)	2.00	EA	$300.00	$ 600.00
106	Fire Hydrant Setting with 6-inch Valve	1.00	EA	$2,200.00	$ 2,200.00
107	1-inch Water Service with Curb Stop & Box	16.00	EA	$600.00	$ 9,600.00
108	Connect to Existing Water @ STA 4+80	1.00	EA	$500.00	$ 500.00
SUBTOTAL					$ 30,100.00

EXHIBIT "C"

OPINION OF PROBABLE PROJECT COST
FOR PROPOSED S.I.D. 1365

SID 1365 - LAKE HEIGHTS DRIVE IMPROVEMENTS

Utility and Street Improvements

Location: Billings, Montana — Document Date: March 3, 2004

Assessment #2 - Sanitary Sewer Improvements

Item No.	Item Description	Quantity		Unit Price	Total Cost	
		Total	Unit			
109	8-inch Sanitary Sewer Main	550.00	LF	$30.00	$	16,500.00
110	48-inch x 5-foot Basic Sanitary Sewer Manhole	1.00	EA	$1,500.00	$	1,500.00
111	48-inch Additional Depth	8.50	VF	$100.00	$	850.00
112	6-inch Sewer Service with 6-inch Plug at Property Line	16.00	EA	$600.00	$	9,600.00
113	Connect to Existing Sewer @ STA 4+90	1.00	EA	$500.00	$	500.00
SUBTOTAL					$	28,950.00

EXHIBIT "C"

OPINION OF PROBABLE PROJECT COST
FOR PROPOSED S.I.D. 1365

SID 1365 - LAKE HEIGHTS DRIVE IMPROVEMENTS

Utility and Street Improvements

Location: Billings, Montana — Document Date: March 3, 2004

Assessment #3 - Street and Storm Drain Improvements

Item No.	Item Description	Quantity		Unit Price	Total Cost	
		Total	Unit			
201	Unclassified Excavation	1,204.00	CY	$3.00	$	3,612.00
202	Road Fill	275.00	CY	$2.00	$	550.00
203	3-inch Asphalt Surfacing	375.00	TN	$25.00	$	9,375.00
204	Asphalt Oil (6%)	22.50	TN	$140.00	$	3,150.00
205	1 1/2-inch Base Gravel	583.00	CY	$16.00	$	9,328.00
206	Concrete Curb and Gutter	1,211.00	LF	$12.00	$	14,532.00
114	Type II Storm Drain Inlet	2.00	EA	$1,200.00	$	2,400.00
115	Storm Drain Manhole (48-inch)	1.00	EA	$1,500.00	$	1,500.00
116	12-inch Storm Drain Pipe	550.00	LF	$30.00	$	16,500.00
207	Road Closed Barricade	1.00	EA	$500.00	$	500.00
208	Enlarge Ditton Retention Pond	1.00	LS	$3,000.00	$	3,000.00
209	Adjust Water Valve	2.00	EA	$125.00	$	250.00
210	Adjust Manhole	2.00	EA	$200.00	$	400.00
211	Adjust Storm Drain Inlet	2.00	EA	$125.00	$	250.00
SUBTOTAL					$	65,347.00

EXHIBIT "D"

SID 1365 - LAKE HEIGHTS DRIVE

Utility and Street Improvements

Document Date: March 3, 2004

Location: Lake Hills Subdivision - Lake Heights Drive (Billings, MT)

Code #	Item	Raw Construction Costs	% of Construction	Mob/Demob @ 4% Txs, Bnds Ins @ 3%	Total thru Mob/Demob Txs, Bnds, & Ins	Contingency @ 10%	Total thru Contingency	SID Administration Costs	Total Construction Costs	Total Units Per Item	Unit	Rate Per Unit	Total Units to be Assessed Per Item	Cash Contribution Cost	% Applied to Administration Costs	Administration Costs	Total thru Administration Costs	Unit Cost Per Assessment
3	Assessment #1 Water Improvements	$ 30,100.00	24.20%	$ 2,107.00	$ 32,207.00	$3,220.70	$ 35,427.70	$ 14,307.58	$49,735.28	16	EA	$3,108.46	3.00	$9,325.37	24.20%	$1,805.13	$11,130.49	$3,710.16
4	Assessment #2 Sanitary Sewer Improvements	$ 28,950.00	23.27%	$ 2,026.50	$ 30,976.50	$3,097.65	$ 34,074.15	$ 13,760.95	$47,835.10	16	EA	$2,989.69	3.00	$8,969.08	23.27%	$1,736.16	$10,705.24	$3,588.41
5	Assessment #3 Storm Drain and Street Improvements	$ 65,347.00	52.53%	$ 4,574.29	$ 69,921.29	$6,992.13	$ 76,913.42	$ 31,061.71	$107,975.13	16	EA	$6,748.45	3.00	$20,245.34	52.53%	$3,918.93	$24,164.26	$8,054.75
	TOTALS	$124,397.00	100.00%	$ 8,707.79	$133,104.79	$13,310.48	$146,415.27	$ 59,130.24	$205,546.51					$38,539.76	100.00%	$ 7,460.22	$46,000.00	$46,000.00

EXHIBIT "E"

DESCRIPTION OF IMPROVEMENTS
SID 1365

LAKE HILL SUBDIVISION, 25TH FILING
LAKE HEIGHTS DRIVE and
DITTON DRIVE

1. Water main, service lines and fire hydrants will be installed in Lake Heights Drive, starting at the existing main adjacent to Lot 9, Block 64 and Lot 19, Block 63, Lake Hills Subdivision, 25th Filing and extending to the Northerly Boundary of Lot 1, Block 64 and Lot 27, Block 63, Lake Hills Subdivision, 25th Filing.

2. Sanitary sewer mains, manholes, and service lines will be installed in Lake Heights Drive, in the location described above.

3. Curb and gutter, asphalt surfacing, and base course gravel will be installed on the same segment of Lake Heights Drive. Street width will be 16 feet wide from centerline of Lake Heights Drive to back of curb.

   Curb and gutter will be installed along both sides of Lake Heights Drive, adjacent to Lots 1-8, Block 64, and Lots 20-27, Block 63. Asphalt paving will be installed in Lake Heights Drive from the existing asphalt near the northerly lot line of Lot 9, Block 64, Lake Hills Subdivision, 25th Filing to the Northerly Line of Lot 1, Block 64.

4. Storm Drainage pipe and grading of the area within the SID boundary will provide for storm drainage as follows:

   > Along Lake Heights Drive south to the established drainage easement between Lots 19 and 20, and Lots 9 and 10, Block 63, Lake Hills Subdivision, 25th Filing with storm drain piping east along the easement to Ditton Drive, then piped east to an existing storm runoff retention basin.

   The existing storm drainage retention basin on Lots 10-11, Block 62. Lake Hills Subdivision, 25th Filing will be expanded to receive additional runoff for retention.

EXHIBIT F

SID 1365 - LAKE HEIGHTS DRIVE

Water, Sanitary Sewer, Storm Drain, and Street Improvements on Lake Heights Drive
in Lake Hills Subdivision, 25th Filing

Location: Billings, Montana

Document Date: March 3, 2004

TAX I.D. NUMBER 6-13	SID #	SID PAY-OFF	DELINQUENT	SID 1365 ASSESSMENT	SID PAY-OFF + DELINQUENT + SID 1361 ASSESSMENT	ESTIMATED MARKET VALUE	ESTIMATED MARKET VALUE AFTER IMPROVEMENTS
C08275		$0.00	$0.00	$12,846.59	$12,846.59	$1,650.00	$14,496.59
C08276		$0.00	$0.00	$12,846.59	$12,846.59	$1,618.00	$14,464.59
C08277		$0.00	$0.00	$12,846.59	$12,846.59	$1,618.00	$14,464.59
C08278		$0.00	$0.00	$12,846.59	$12,846.59	$1,618.00	$14,464.59
C08279		$0.00	$0.00	$12,846.59	$12,846.59	$1,618.00	$14,464.59
C08280		$0.00	$0.00	$12,846.59	$12,846.59	$1,618.00	$14,464.59
C08281		$0.00	$0.00	$12,846.59	$12,846.59	$1,618.00	$14,464.59
C08282		$0.00	$0.00	$12,846.59	$12,846.59	$1,618.00	$14,464.59
C08265		$0.00	$0.00	$12,846.59	$12,846.59	$1,618.00	$14,464.59
C08266		$0.00	$0.00	$15,333.33	$15,333.33	$1,618.00	$16,951.33
C08267		$0.00	$0.00	$12,846.59	$12,846.59	$1,618.00	$14,464.59
C08268		$0.00	$0.00	$15,333.33	$15,333.33	$59,047.00	$74,380.33
C08269		$0.00	$0.00	$12,846.59	$12,846.59	$1,618.00	$14,464.59
C08270		$0.00	$0.00	$15,333.33	$15,333.33	$1,618.00	$16,951.33
C08271		$0.00	$0.00	$12,846.59	$12,846.59	$1,618.00	$14,464.59
AVERAGE		$0.00	$0.00	$13,343.94	$13,343.94	$5,448.73	$18,792.68
MEDIAN		$0.00	$0.00	$12,846.59	$12,846.59	$1,618.00	$14,464.59
LOW		$0.00	$0.00	$12,846.59	$12,846.59	$1,618.00	$14,464.59
HIGH		$0.00	$0.00	$15,333.33	$15,333.33	$59,047.00	$74,380.33

Note: Delinquent taxes are reported as of March 3, 2004.
Areas that are shaded represent cash contributions.

RECOMMENDED BONDING COST ANALYSIS

CITY OF BILLINGS

SID 1365 - LAKE HEIGHTS DRIVE IMPROVEMENTS

Nature of Improvements: Utility and Street Improvements

Location: Lake Heights Drive - Lake Hills Subdivision   Document Date: March 3, 2004

Engineer for the District: Morrison-Maierle, Inc.   Bids Received: ____________

Successful Bidder(s): SCHEDULE I - ____________   SCHEDULE II - ____________

SID CONSTRUCTION COSTS	$	146,415.27
ADMINISTRATION COSTS		
ENGINEERING DESIGN	$	20,500.00
ENGINEERING CONSTRUCTION ADMINISTRATION	$	27,000.00
GEOTECHNICAL TESTING & REPORT	$	4,000.00
SEWER EXTENSION APPLICATION	$	58.24
SID CREATION DOCUMENTS	$	7,500.00
POSTING AND BONDING - ADVANCE COSTS ($4.50 PER TAX CODE)	$	72.00
SUBTOTAL ADMINISTRATION COSTS	$	59,130.24
SUBTOTAL PROJECT COSTS	$	205,545.51
LESS CONTRIBUTIONS		
CASH CONTRIBUTION: LOVELY, TAYLOR & JUDD	$	(167,005.73)
PROJECT COSTS TO BE APPLIED TO SID	$	38,539.78
SID COSTS		
ADMINISTRATION / FINANCE FEES (2.5%)	$	1,150.00
ENGINEERING FEE (3.5%)	$	1,610.00
SID REVOLVING FUND (5%)	$	2,300.00
BOND DISCOUNT FEE (3.5%)	$	1,610.00
LEGAL FEES (1.7%)	$	782.00
ROUNDOFF	$	8.22
TOTAL BONDING COST	$	46,000.00

BONDS AWARDED TO:

INTEREST RATE________ %   DATE BONDS ISSUED: ____________

________ BONDS @ $____________   TOTAL ISSUE $ ____________

PREMIUM $____________ . BONDS TO BE PAID ANNUALLY COMMENCING JANUARY 1, ______

AND SHALL MATURE JANUARY 1, ________.

APPROVED THIS_____ DAY OF____________ 20___.

ENGINEER FOR THE DISTRICT   DIRECTOR OF FINANCE   CITY ENGINEER

1365

Date: **October 31, 2003**

Customer Name: **Morrison Maierle, Inc.**
Attn: **Brian A. Borgstadt**
Address: **2020 Grand Avenue**
Billings, MT 59102

RE: **OWNERSHIP REPORT**
Our File #: **3-86902-HG**

At your request, we have search our tract indices derived from the records of **Yellowstone** County. Montana, to determine the record owners and contract purchasers if any, of the hereinafter described real property; as of October 20, 2003 @ 7:30 a.m., we report as follows on the attached parcels 1-5.

This is not a title report and no examination of the title to the premises herein described has been made. For this reason, no liability is assumed hereunder, and the Company will not be responsible for errors or omissions contained herein.

Sincerely,
AMERICAN TITLE & ESCROW
BY:

COPY

Heidi Gabel
Title Officer

Enclosure/

OWNERSHIP REPORT

RECORD OWNER APPEARS TO BE: Laure Taylor, Inc. and Susan B. Lovely

TAX CODES: C08265, C08267, C08269, C08271, C08275, C08276, C08277, C08278, C08279, C08280, C08281 and C08282

MAILING ADDRESS: 2519 Sunnyview Lane
Billings, MT 59102-1544

DESCRIPTION:

Block 63: Lots 20, 22, 24 and 26
Block 64: Lots 1, 2, 3, 4, 5, 6, 7 and 8
of Lake Hills Subdivision Twenty-Fifth Filing, 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 #688241.

OWNERSHIP REPORT

RECORD OWNER APPEARS TO BE: Brett M. Fletcher and Jay Clark

TAX CODE: C08266

MAILING ADDRESS: 340 Tahos Rd.
Orinda, CA 94563-2910

DESCRIPTION:

Lot 21, Block 63, of Lake Hills Subdivision Twenty-Fifth Filing, 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 #688241.

OWNERSHIP REPORT

RECORD OWNER APPEARS TO BE: Seth F. Lee

TAX CODE: C08268

MAILING ADDRESS: 2521 Lake Heights Dr.
Billings, MT 59105-3516

DESCRIPTION:

Lot 23, Block 63, of Lake Hills Subdivision Twenty-Fifth Filing, 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 #688241.

OWNERSHIP REPORT

RECORD OWNER APPEARS TO BE: Nelly Baca and Luz Baca (Nelly & Luz Partnership)

TAX CODE: C08270

MAILING ADDRESS: 1240 S. Pricedale Ave.
West Covina, CA 91790-5152

DESCRIPTION:

Lot 25, Block 63, of Lake Hills Subdivision Twenty-Fifth Filing, in the City of Billings, Yellowstone County, Montana, according to the official plat on file in the office of the Claerk and Recorder of said County, under Document #688241.

OWNERSHIP REPORT

Our System Shows,

RECORD OWNER APPEARS TO BE: Curtis Russell Erbes, Jr.

Laura Taylor & Susan B Lovely
2519 Sunnyview Ln
Billings 59102

TAX CODE: C08272

MAILING ADDRESS: 2222 Baywater Lane
Rancho Cordova, CA 95670-4256

DESCRIPTION:

Lot 27, Block 63, of Lake Hills Subdivision Twenty-Fifth Filing, 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 #688241.

END OF REPORT

CITY OF BILLINGS, MONTANA
SPECIAL IMPROVEMENT DISTRICT ASSESSMENT DATA
PART TWO

	DATA CARDS	PROCESSING COLS
DATE: March 3, 2004		
S.I.D. NUMBER: 1365	A&B	2 - 5
S.I.D. DESCRIPTION: Utility and street improvements on Lake Heights Drive in Lake Hills Subdivision, Twenty-Fifth Filing	A	6 - 39
YEARS TO BE ASSESSED: 15	A	59 - 60
TOTAL S.I.D. AREA: N/A	A	61 - 71
MEASUREMENT: X EA ___ SF ___ LF		
S.I.D. COSTS: X ESTIMATED PER CONCEPT PLANS; ___ ESTIMATED PER BID PRICE; ___ FINAL PER ACTUAL CONSTRUCTION		
S.I.D. MAIN IMPROVEMENT COST: $46,000.00		

SPECIAL ADDITIONS:

CODE		Quantity	Unit Cost	Total
1	Curb & Gutter			
2	Drive Approach			
3	Assessment #1	3.00	$ 3,710.1645	$ 11,130.49
4	Assessment #2	3.00	$ 3,568.4140	$ 10,705.24
5	Assessment #3	3.00	$ 8,054.7548	$ 24,164.26
6	Assessment #4			
7	Assessment #5			
8	Assessment #6			
9	Assessment #7			
	TOTAL PROJECT COST	=	$	46,000.00

	DATA CARDS	PROCESSING COLS
TOTAL PROJECT COST	A	89 - 96

(ALL COSTS TO INCLUDE PRORATA SHARE OF ADMINISTRATIVE COSTS)

CITY CENTRAL SUPPORT SERVICES TO COMPLETE

	DATA CARDS	PROCESSING COLS
FIRST YEAR TO BE ASSESSED: ______	A	40 - 41
TYPE ASSESSMENT: ___ PENDING ___ FINAL	A	42
INTEREST RATE: ______	A	53 - 58
BOND ISSUE DATE:	A	73 - 78

CITY OF BILLINGS

SPECIAL IMPROVEMENT DISTRICT ASSESSMENT DATA

SID COSTS:

X ESTIMATE PER CONCEPT PLANS
ESTIMATE PER BID PRICES
FINAL PER ACTUAL CONSTRUCTION

							Assessment #1 Water Improvements			Assessment #2 Sanitary Sewer Improvements			Assessment #3 Storm Drain and Street Improvements			
							Code 3 / Unit EA / Rate $3,710.1646			Code 4 / Unit EA / Rate $3,568.4140			Code 5 / Unit EA / Rate $8,054.7648			
PARCEL	SUBDIVISION	BLK	LOT/ TRACT	TAX I.D. NUMBER 6-13	LAKE HEIGHTS DR FRONTAGE (L.F.)	AREA (S.F.)	CODE	ASSESSED QUANTITY	ASSESSED VALUE	CODE	ASSESSED QUANTITY	ASSESSED VALUE	CODE	ASSESSED QUANTITY	ASSESSED VALUE	TOTAL COST
1	Lake Hills Subdivision, 25th Filing	64	1	C08275	78.04	15,608		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00
2	Lake Hills Subdivision, 25th Filing	64	2	C08276	75.00	15,000		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00
3	Lake Hills Subdivision, 25th Filing	64	3	C08277	75	15,000		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00
4	Lake Hills Subdivision, 25th Filing	64	4	C08278	75.00	15,000		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00
5	Lake Hills Subdivision, 25th Filing	64	5	C08279	75.00	15,000		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00
6	Lake Hills Subdivision, 25th Filing	64	6	C08280	75.00	15,000		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00
7	Lake Hills Subdivision, 25th Filing	64	7	C08281	75.00	15,000		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00
8	Lake Hills Subdivision, 25th Filing	64	8	C08282	75.00	15,000		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00
10	Lake Hills Subdivision, 25th Filing	63	20	C08265	75.00	15,000		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00
11	Lake Hills Subdivision, 25th Filing	63	21	C08266	75.00	15,000	3	1.00	$3,710.16	4	1.00	$3,568.41	5	1.00	$8,054.76	$15,333.33
12	Lake Hills Subdivision, 25th Filing	63	22	C08267	75.00	15,000		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00
13	Lake Hills Subdivision, 25th Filing	63	23	C08268	75.00	15,000	3	1.00	$3,710.16	4	1.00	$3,568.41	5	1.00	$8,054.76	$15,333.33
14	Lake Hills Subdivision, 25th Filing	63	24	C08269	75.00	15,000		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00
15	Lake Hills Subdivision, 25th Filing	63	25	C08270	75.00	15,000	3	1.00	$3,710.16	4	1.00	$3,568.41	5	1.00	$8,054.76	$15,333.33
16	Lake Hills Subdivision, 25th Filing	63	26	C08271	75.00	15,000		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00
17	Lake Hills Subdivision, 25th Filing	63	27	C08272	78.04	15,608		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00
				16	1,206.08	241,216.00	3	3.00	$11,130.49	3	3.00	$10,705.24	3	3.00	$24,164.28	$46,000.00

SID COSTS:

X ESTIMATE PER CONCEPT PLANS
___ ESTIMATE PER BID PRICES
___ FINAL PER ACTUAL CONSTRUCTION

	Assessment #1 Water Improvements	Assessment #2 Sanitary Sewer Improvements	Assessment #3 Storm Drain and Street Improvements
Code	3	4	5
Unit	EA	EA	EA
Rate	$3,108.4551	$2,989.6935	$6,748.4457

PARCEL	SUBDIVISION	BLK	LOT/ TRACT	TAX I.D. NUMBER 6-13	LAKE HEIGHTS DR FRONTAGE (L.F.)	AREA (S.F.)	#1 CODE	#1 ASSESSED QUANTITY	#1 ASSESSED VALUE	#2 CODE	#2 ASSESSED QUANTITY	#2 ASSESSED VALUE	#3 CODE	#3 ASSESSED QUANTITY	#3 ASSESSED VALUE	2.5% PRIVATE CONTRACT FEE	TOTAL COST
1	Lake Hills Subdivision, 25th Filing	64	1	C08275	78.04	15,608	3	1.00	$3,108.46	4	1.00	$2,989.69	5	1.00	$6,748.45	$321.16	$13,167.76
2	Lake Hills Subdivision, 25th Filing	64	2	C08276	75.00	15,000	3	1.00	$3,108.46	4	1.00	$2,989.69	5	1.00	$6,748.45	$321.16	$13,167.76
3	Lake Hills Subdivision, 25th Filing	64	3	C08277	75	15,000	3	1.00	$3,108.46	4	1.00	$2,989.69	5	1.00	$6,748.45	$321.16	$13,167.76
4	Lake Hills Subdivision, 25th Filing	64	4	C08278	75.00	15,000	3	1.00	$3,108.46	4	1.00	$2,989.69	5	1.00	$6,748.45	$321.16	$13,167.76
5	Lake Hills Subdivision, 25th Filing	64	5	C08279	75.00	15,000	3	1.00	$3,108.46	4	1.00	$2,989.69	5	1.00	$6,748.45	$321.16	$13,167.76
6	Lake Hills Subdivision, 25th Filing	64	6	C08280	75.00	15,000	3	1.00	$3,108.46	4	1.00	$2,989.69	5	1.00	$6,748.45	$321.16	$13,167.76
7	Lake Hills Subdivision, 25th Filing	64	7	C08281	75.00	15,000	3	1.00	$3,108.46	4	1.00	$2,989.69	5	1.00	$6,748.45	$321.16	$13,167.76
8	Lake Hills Subdivision, 25th Filing	64	8	C08282	75.00	15,000	3	1.00	$3,108.46	4	1.00	$2,989.69	5	1.00	$6,748.45	$321.16	$13,167.76
10	Lake Hills Subdivision, 25th Filing	63	20	C08265	75.00	15,000	3	1.00	$3,108.46	4	1.00	$2,989.69	5	1.00	$6,748.45	$321.16	$13,167.76
11	Lake Hills Subdivision, 25th Filing	63	21	C08266	75.00	15,000		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00	$0.00
12	Lake Hills Subdivision, 25th Filing	63	22	C08267	75.00	15,000	3	1.00	$3,108.46	4	1.00	$2,989.69	5	1.00	$6,748.45	$321.16	$13,167.76
13	Lake Hills Subdivision, 25th Filing	63	23	C08268	75.00	15,000		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00	$0.00
14	Lake Hills Subdivision, 25th Filing	63	24	C08269	75.00	15,000	3	1.00	$3,108.46	4	1.00	$2,989.69	5	1.00	$6,748.45	$321.16	$13,167.76
15	Lake Hills Subdivision, 25th Filing	63	25	C08270	75.00	15,000		0.00	$0.00		0.00	$0.00		0.00	$0.00	$0.00	$0.00
16	Lake Hills Subdivision, 25th Filing	63	26	C08271	75.00	15,000	3	1.00	$3,108.46	4	1.00	$2,989.69	5	1.00	$6,748.45	$321.16	$13,167.76
17	Lake Hills Subdivision, 25th Filing	63	27	C08272	78.04	15,608	3	1.00	$3,108.46	4	1.00	$2,989.69	5	1.00	$6,748.45	$321.16	$13,167.76
				16	[illegible]	241,216.00	13	13.00	$40,409.92	13	12.00	$38,866.02	13	13.00	$87,729.79	[illegible]	[illegible]