

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 20-10890, entitled: "RESOLUTION RELATING TO \$30,000,000 AIRPORT REVENUE BONDS (PASSENGER FACILITY CHARGE SUPPORTED), SERIES 2020A AND \$3,000,000 AIRPORT REVENUE REFUNDING BONDS (CUSTOMER FACILITY CHARGE SUPPORTED), SERIES 2020B; AUTHORIZING THE SALE AND PRESCRIBING THE FORMS AND TERMS THEREOF AND SECURITY THEREFOR; CREATING SPECIAL FUNDS AND ACCOUNTS AND PLEDGING CERTAIN REVENUES AS SECURITY FOR BONDS" (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 July 13, 2020, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Council Members voted in favor thereof: Shaw, Yakawich, Neese, Ewalt, Joy, Choriki, Purinton, Ronning, Boyett, Brown and Mayor Cole; voted against the same: N/A; abstained from voting thereon: N/A.

WITNESS my hand officially this 13th day of July, 2020.



Aerise B. Bohleman
City Clerk

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RESOLUTION 20-10890

RESOLUTION RELATING TO \$30,000,000 AIRPORT REVENUE BONDS (PASSENGER FACILITY CHARGE SUPPORTED), SERIES 2020A AND \$3,000,000 AIRPORT REVENUE REFUNDING BONDS (CUSTOMER FACILITY CHARGE SUPPORTED), SERIES 2020B; AUTHORIZING THE SALE AND PRESCRIBING THE FORMS AND TERMS THEREOF AND SECURITY THEREFOR; CREATING SPECIAL FUNDS AND ACCOUNTS AND PLEDGING CERTAIN REVENUES AS SECURITY FOR BONDS

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

Section 1. Definitions, Authorizations and Findings.

1.01. Definitions. The terms defined in this Section 1.01 shall for all purposes of this Resolution have the meanings herein specified, unless the context clearly otherwise requires:

Accountant shall mean a Person engaged in the practice of accounting as a certified public accountant, whether or not employed by the City.

Act shall mean Montana Code Annotated, Title 67, Chapters 10 and 11, as heretofore and hereafter amended or supplemented.

Additional Bonds shall mean any Bonds issued pursuant to Section 5 and shall not include Special Purpose Facility Bonds, Subordinate Obligations or Notes.

Airport shall mean Billings Logan International Airport, which shall include the land owned and used by the City primarily for the landing and takeoff of aircraft, together with the buildings and other improvements located on such land and any equipment, machinery and other items of personal property located on such land or in such buildings, as such properties may at any time exist, including any future additions or expansions thereof or alternative or supplementary facilities that the City determines to be part of the Airport. "Airport" includes, without limitation, terminal buildings, runways, hangars, service roads, roadways and automobile parking facilities and Car Rental Facilities. "Airport" does not include Special Purpose Facilities.

Airport Consultant shall mean an Independent airport management consultant appointed by the City Council who has a favorable national reputation for special skill and knowledge in methods of the development, operation, and management of airports and airport facilities.

Airport Fund shall mean the fund so named maintained pursuant to Section 6.01.

Allocation Date shall mean the twenty-fifth day of each month, commencing August 1, 2020, as of which date money on hand in the Revenue Account is to be allocated to various other accounts in the Airport Fund as provided in Section 6.04.

Annual Budget shall have the meaning given such term in Section 7.07.

Annual Debt Service Requirements shall mean the Debt Service Requirements for a Fiscal Year.

Audited Fiscal Year shall mean a Fiscal Year for which the City has received an audited report of the financial statements of the City conducted by an Independent Accountant.

Bonds shall mean the Series 2020A Bonds, the Series 2020B Bonds and any Additional Bonds.

Bond Counsel shall mean any firm of nationally recognized bond counsel experienced in matters relating to tax-exempt financing, selected by the City.

Bond Register shall mean the register maintained for the purpose of registering the ownership, transfer and exchange of the Bonds of any series.

Business Day shall mean, with respect to the Bonds of any series, any day other than a Saturday, Sunday or other day on which the Registrar for such series of Bonds is not open for business.

Capital Account shall mean the account so named created by Section 6.11.

Car Rental Facilities shall mean any City-owned facility at the Airport specifically developed, constructed, set aside or utilized, in whole or in part, by an on-airport rental car company.

CFC Bonds shall mean the Series 2020B Bonds and any Additional Bonds that finance or refinance the costs of Car Rental Facilities, and that are secured by a pledge of Customer Facility Charges, in addition to the pledge of Net Revenues.

Charter shall mean the home-rule charter of the City, as amended from time to time, or any successor charter or like document adopted as the organic law of the City.

City shall mean the City of Billings, Montana, its successors and assigns.

City Clerk shall mean the City Clerk, or a deputy clerk of the City whenever the Clerk is unable to act in such capacity, or their designees, and their successors in functions, if any.

Code shall mean the Internal Revenue Code of 1986, as amended.

Completion Bonds shall mean Bonds issued for the purpose of defraying additional costs of a Project and thereby effecting its completion, issued in accordance with Section 5.03.

Completion Date shall mean the date certified by the Director of Aviation and Transit that a Project is complete.

Construction Account shall mean the account so named created by Section 6.03.

Council shall mean the governing body of the City.

Credit Facility shall mean any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial institution, insurance company or other institution, and which provides security or liquidity for any Bonds as specified in a Supplemental Resolution relating to such Bonds.

Credit Facility Obligations shall mean repayment or other monetary obligations incurred by the City with respect to draws or other payments or disbursements made under a Credit Facility; but only if and to the extent such obligations have a lien on the Net Revenues and, but only if and as applicable, the CFCs or PFCs, of the Airport on a parity with the lien of the Bonds.

Customer Facility Charge or CFC shall mean the charges imposed on automobile rentals at the Airport pursuant to the Customer Facility Charge Ordinance to the extent such charges are pledged to the payment of debt service on and coverage requirements of CFC Bonds.

Customer Facility Charge Ordinance shall mean Ordinance No. 10-5515, approved on June 28, 2010, as amended or supplemented.

Debt Service Account shall mean the account so named created by Section 6.06.

Debt Service Requirements shall mean with respect to all Outstanding Bonds or any specified portion of all Outstanding Bonds and for any specified period, without duplication, the sum of:

(i) The amount due and payable as interest on such Bonds during such period;

(ii) The amount due and payable as principal or Redemption Price of such Bonds during such period, whether at Stated Maturity, upon mandatory redemption, upon the exercise of any option to redeem or required tender of such Bonds if the City has irrevocably committed itself to exercise such option, or by reason of any other circumstance which will, with certainty, occur during such period; and

(iii) The amount of any Credit Facility Obligations required to be paid during such period and not included in (i) or (ii) above.

No payments required for any other Bonds or Credit Facility Obligations which may be tendered or otherwise presented for payment at the option or demand of the Holders thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, shall be included in any computation of Debt Service Requirements prior to the Stated Maturity or otherwise certain due dates thereof, and all such payments shall be deemed to be required on such Stated Maturity dates or otherwise certain due dates. Except for any historical period for which the actual rate or rates are determinable and except as otherwise provided herein, Variable Rate Bonds (including Credit Facility Obligations which bear interest at a variable rate) shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Variable Rate Bonds on the date of computation; provided that in any computation (i) of the Reserve Requirement; (ii) relating to the issuance of Additional Bonds required by Section 5; or (iii) required by the Rate Covenant, Variable Rate Bonds shall be deemed to bear interest at a fixed annual rate equal to (x) the average of the daily rates of such Variable Rate Bonds during the 365 consecutive days (or any lesser period such Variable Rate Bonds have been Outstanding) next preceding the date of computation; or (y) with respect to any Variable Rate Bonds which are being issued on the date of computation, the initial rate of such Variable Rate Bonds upon issuance. Further, in any computation relating to the issuance of Additional Bonds required by Section 5 and any computation required by the Rate Covenant, there shall be excluded from the computation of Debt Service Requirements amounts for payment of which money on hand is irrevocably committed and expected to be available to make such payments during such period, including without limitation any amounts in an escrow account and any proceeds of Bonds deposited to the credit of the Construction Account to pay capitalized interest.

Debt Service Reserve Account shall mean the account so named created by Section 6.07.

Director of Aviation and Transit shall mean the individual appointed, employed or designated by the City who is in charge of the operation of the Airport.

Escrow Account shall have the meaning given such term in Section 4.

Escrow Agent shall have the meaning given such term in Section 4.

Escrow Agreement shall have the meaning given such term in Section 4.

Fiscal Year shall mean the period commencing on the first day of July of any year and ending on the last day of June of the next calendar year, or any other twelve-month period authorized by law and specified by this Council as the City's Fiscal Year.

Government Obligations shall mean (a) direct general obligations of, or obligations the prompt payment of the principal of and the interest on which are fully and unconditionally guaranteed by, the United States of America, (b) obligations the payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America, and (c) certificates or

other evidence of ownership in principal to be paid or interest to accrue on a pool of obligations of the type described in the foregoing clause (a) or (b), which obligations are held by a custodian, any obligations described in the foregoing clause (a) or (b) may be issued or held in book entry form on the books of the Department of Treasury of the United States of America.)

Gross Revenues shall mean for any specified period the sum of all operating and non-operating revenues of the Airport, including, without limitation, rentals, charges, landing fees, concessions (including amounts derived from such rentals, charges, fees, and concessions and other sources retained in the Revenue Account after satisfying the requirements of the various accounts in the Airport Fund), ground rentals for Special Purpose Facilities, and interest earnings on the Revenue Account, Maintenance and Operating Account, Debt Service Reserve Account and Capital Account. Gross Revenues does not include (i) any Bond proceeds and other money including interest credited to the Construction Account; (ii) gifts, grants or donations, the use of which is limited by the grantor or donor to purposes not including payment of principal of and interest on Bonds; (iii) Customer Facility Charges and Passenger Facility Charges and interest thereon; (iv) interest earnings on the Construction Account; (v) amounts borrowed by the City, including proceeds of Bonds; (vi) revenues derived from the lease or use of Special Purpose Facilities; (vii) proceeds of insurance claims or condemnation awards, except any such proceeds derived in respect of loss of use or business interruption; or (viii) amounts received from the sale or other disposition of assets of the Airport.

Holder shall mean the Person in whose name a Bond is registered in the Bond Register.

Independent shall mean, when used with respect to any specified Person, such a Person who (i) is in fact independent; (ii) does not have any direct financial interest or any material indirect financial interest in the City, other than the payment to be received under a contract for services to be performed by such Person; and (iii) is not connected with the City as an officer, employee, promoter, trustee, partner, director, underwriter or person performing similar functions. Whenever it is herein provided that any Independent Person's opinion or certificate shall be furnished, such Person shall be appointed by the City and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

Interest Payment Date shall mean the Stated Maturity of an installment of interest on any of the Bonds.

Maintenance and Operating Account shall mean the account so named created in Section 6.05.

Maintenance and Operating Expenses shall mean for any specified period all current expenses of the City of operating, maintaining, and repairing the Airport, including, without limiting the generality of the foregoing, legal and overhead expenses of the various City departments directly related and allocable as provided through the

City's allocation program to the administration of the Airport, insurance premiums, the charges of any paying agents and any other depository bank pertaining to the Airport, contractual services, professional services required by the Resolution, salaries and administrative expenses, labor, and the cost of materials and supplies used for current operation, the cost of defending, settling, or satisfying any litigation or threatened litigation that relates to the Airport, or any aspect thereof, but not including any allowance for depreciation, charges for the accumulation of reserves for capital replacements, or interest expense.

Maturity, when used with respect to any Bond, shall mean the date on which the principal of such Bond is due and payable as therein or herein provided, whether at its Stated Maturity or by call for redemption or otherwise.

M.C.A. shall mean the Montana Code Annotated.

Net Proceeds, when used with respect to any insurance or condemnation award, shall mean the gross proceeds from the insurance or condemnation award remaining after payment of all expenses (including attorneys' and adjustors' fees and any fees and expenses of the Registrar and the City) incurred in the collection of such gross proceeds.

Net Revenues shall mean for any specified period, the amount of Gross Revenues for such period remaining after provision for payment of Maintenance and Operating Expenses for such period.

Notes shall mean notes or other obligations of the City issued in accordance with the provisions of Section 5.07.

Original Purchaser shall mean, with respect to any series of Bonds, the Person who purchases such series of Bonds from the City when first issued. The Original Purchaser of the Series 2020 Bonds is First Interstate Bank.

Outstanding shall mean, with reference to Bonds, as of the date of determination, all Bonds theretofore issued and delivered under this Resolution except:

(i) Bonds theretofore cancelled by the City or delivered to the City cancelled or for cancellation;

(ii) Bonds and portions of Bonds for whose payment or redemption money or Defeasance Obligations (as provided in Section 10) shall have been theretofore deposited in trust for the Holders of such Bonds; provided, however, that if such Bonds are to be redeemed, notice of such redemption shall have been duly given pursuant to this Resolution or irrevocable instructions to call such Bonds for redemption at a stated Redemption Date shall have been given by the City; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been issued and delivered pursuant to the Resolution;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the City shall be disregarded and deemed not to be Outstanding.

Passenger Facility Charge or PFC shall mean revenues received by the City from passenger facility charges imposed by the City in accordance with Title 14, Code of Federal Regulations, Part 158 as approved by the Federal Aviation Administration pursuant to (i) PFC Application No. 19-11-C-00-BIL, as amended, and (ii) any additional passenger facility charge applications to the extent which such revenues are pledged to the payment of debt service on and coverage requirements of PFC Bonds, as provided by law.

Person shall mean any individual, corporation, partnership, joint venture, limited liability company, limited liability partnership, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

PFC Bonds shall mean the Series 2020A Bonds and any Additional Bonds that finance or refinance the costs of projects approved by the Federal Aviation Administration and that are secured by a pledge of Passenger Facility Charges, in addition to the pledge of Net Revenues.

Principal Payment Date shall mean the Stated Maturity of any Serial Bond and the Sinking Fund Payment Date for any Term Bond.

Project shall mean the Terminal Expansion Project and any other improvement, betterment, reconstruction or extension of the Airport, the costs of which are to be financed, in whole or in part, from the proceeds of Bonds.

Project Costs shall have the meaning given such term in Section 6.03.

Quick Turn Around Facility shall have the meaning given such term in Section 1.05.

Rate Covenant shall mean the covenant of the City to establish and maintain rates and charges for the use of the Airport described in Section 7.09.

Rebate Account shall mean the account so named created by Section 6.12.

Rebate Certificate shall mean a certificate executed by the City on the date of issuance of any series of Bonds and pursuant to which the City represents and covenants to segregate funds, calculate amounts, and report and pay to the United States Department of Treasury any rebatable arbitrage relating to the Bonds of such

series in accordance with the requirements of Section 148 of the Code and the regulations promulgated thereunder.

Redemption Date when used with respect to any Bond to be redeemed shall mean the date on which it is to be redeemed pursuant hereto.

Redemption Price when used with respect to any Bond to be redeemed shall mean the price at which it is to be redeemed pursuant hereto, including accrued interest thereon.

Registrar shall mean the Person, if any, appointed by the City to act as bond registrar, transfer agent and paying agent for a series of Bonds. With respect to the Series 2020 Bonds, the Registrar shall be appointed as set forth in Section 3.03.

Reserve Requirement shall mean, with respect to each series of Bonds secured by the Reserve Account, as of the date of calculation, an amount equal to (a) the least of: (1) the maximum debt service requirements with respect to such series of Bonds for the then current or any future fiscal year, (2) 125% of average annual debt service on such series of Bonds for any fiscal year, (3) ten percent (10%) of the aggregate original principal amount of such series of Bonds or (b) such lesser amount as the Original Purchaser of the applicable series of Bonds shall reasonably require.

Resolution shall mean this Resolution as originally adopted or as it may from time to time be amended or supplemented pursuant to the applicable provisions hereof.

Revenue Account shall mean the account so named created by Section 6.04.

Serial Bonds shall mean Bonds which are not Term Bonds.

Series 2010B Bonds shall mean the City's Airport Revenue Bonds (Customer Facility Charge Supported), Series 2010B, outstanding in the aggregate principal amount of \$3,985,000.

Series 2020 Bonds shall mean the Series 2020A Bonds and the Series 2020B Bonds.

Series 2020A Bonds shall mean the City's Airport Revenue Bonds (Passenger Facility Charge Supported), Series 2020A, authorized to be issued and described in Section 3 of this Resolution in the maximum aggregate principal amount of \$30,000,000.

Series 2020B Bonds shall mean the City's Airport Revenue Refunding Bonds (Customer Facility Charge Supported), Series 2020B, authorized to be issued and described in Section 4 of this Resolution in the aggregate principal amount of \$3,000,000.

State shall mean the State of Montana.

Sinking Fund Payment Date shall mean each of the dates set forth in any applicable provisions of a Supplemental Resolution (as to any series of Additional Bonds) for the making of mandatory principal payments on Additional Bonds that are Term Bonds before the Stated Maturity thereof.

Special Purpose Facility shall mean any improvement, structure, equipment, machinery or other tangible asset located at the Airport, financed from the proceeds of Special Purpose Facility Bonds, the capital cost of which is payable, directly or indirectly, by a Person or Persons using such improvement, structure, equipment, machinery or other tangible asset. The Quick Turn Around Facility is not a Special Purpose Facility for purposes of the Resolution.

Special Purpose Facility Bonds shall mean bonds or other obligations of the City, permitted by, but not subject to the terms and conditions of this Resolution, issued or incurred to finance or refinance the cost of any Special Purpose Facility and which are secured by and payable solely from rentals or other charges, derived by the City under a lease, sale or other agreement between the City and the Person using the Special Purpose Facility.

Stated Maturity when used with respect to any Bond or any installment of interest thereon shall mean the date specified in such Bond as the fixed date on which principal of such Bond or such installment of interest is due and payable.

Subordinate Obligations shall mean bonds or other obligations of the City payable from the Subordinate Obligations Account and issued in accordance with the provisions of Section 5.06.

Subordinate Obligations Account shall mean the account so named created by Section 6.08.

Supplemental Resolution shall mean any resolution supplemental to this Resolution adopted pursuant to Section 9.

Term Bond shall mean any Bond as to which payments are required by the Resolution to be made at times and in amounts sufficient to redeem all or a portion of the principal of such Bond prior to its Stated Maturity.

Terminal Expansion Project shall have the meaning given such term in Section 1.04.

Variable Rate Bond shall mean a Bond the interest rate on which may, in accordance with its terms, vary periodically so that the interest for a part or all of the period remaining to its Stated Maturity or Redemption Date cannot accurately be calculated on the date of issuance thereof.

1.02. Rules of Interpretation.

(i) All references in this Resolution to designated sections and other subdivisions are to the designated sections and other subdivisions of this Resolution as originally adopted.

(ii) The words "herein," "hereof" and "hereunder" and other words of similar import without reference to any particular section or subdivision refer to this Resolution as a whole and not to any particular section or other subdivision unless the context clearly indicates otherwise.

(iii) The terms defined in this Resolution include the plural as well as the singular.

(iv) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles applicable to governmental entities.

(v) All computations provided herein shall be made in accordance with generally accepted accounting principles applicable to governmental entities consistently applied.

(vi) "Or" is not intended to be exclusive, but is intended to contemplate or encompass one or more or all of the terms or alternatives conjoined.

1.03. Authorization. The City is authorized by the Act to own and operate a municipal airport. Pursuant to Section 67-11-102 of the Act and Resolution No. 90-16319 of the City, the City elected to exercise the powers of an airport authority under the Act, without compromising its other powers associated with the ownership and operation of the Airport, in accordance with the provisions of Title 67, Chapter 10, Parts 1-4, M.C.A., such power to be supplemental to and in addition to the power currently exercised and retained by the City with respect to the operation of the Airport under Title 67, Chapter 10, Part 1, M.C.A. Under the Act, the City is authorized to issue and sell its revenue bonds to provide funds for the reconstruction, improvement, betterment and extension of the Airport.

1.04. Terminal Expansion Project. Pursuant to the Act, the City has determined that it is necessary and desirable to undertake the expansion and reconfiguration of the existing Airport terminal, including the design, construction and equipping of a new TSA screening area, eight new terminal gates and hold rooms, food and gift concessions facilities, security data systems, public use areas and related improvements (the "Terminal Expansion Project"). The total cost of the Terminal Expansion Project is estimated to be \$60 million. On May 11, 2020, after notice was given in accordance with Section 147(g) of the Code, a public hearing on the issuance of the Series 2020A Bonds to pay a portion of the costs of the Terminal Expansion Project and related costs was held by the City and the issuance of such bonds was preliminarily approved by the City immediately following such hearing. Pursuant to Resolution No. 20-10871 of the City adopted on May 11, 2020 (the "Parameters Resolution"); this Council has determined that it is in the best interests of the City to sell by negotiated sale the Series

2020A Bonds in order to finance eligible costs of the Terminal Expansion Project. Costs of the Terminal Expansion Project in excess of the proceeds of the Series 2020A Bonds are currently anticipated to be paid from a combination of federal discretionary grant funds, federal airport improvement entitlement funds, Passenger Facility Charges, and other funds of or available to the City. The Series 2020A Bonds shall be secured by the 2020A Debt Service Reserve Subaccount of the Debt Service Reserve Account, subject to release as set forth in Section 6.07. The City will pay costs of issuance for the Series 2020A Bonds and fund the deposit to the 2020A Debt Service Reserve Subaccount of the Debt Service Reserve Account in an amount equal to \$2,000,000 (the Reserve Requirement for the Series 2020A Bonds) from funds it has on hand and available therefor.

1.05. Refunding of Series 2010B Bonds. Pursuant to the Act and Resolution Nos. 10-18970 and 10-19005 of the Council, the City issued its Series 2010B Bonds in the original aggregate principal amount of \$6,525,000. Proceeds of the Series 2010B Bonds were used to finance costs of the design, construction and equipping of a car wash and maintenance facility at the Airport for use by rental car concessionaires (the "Quick Turn Around Facility"), to fund a deposit to a debt service reserve account for the Series 2010B Bonds and to pay costs of issuance of the Series 2010B Bonds. The Series 2010B Bonds are outstanding in the aggregate principal amount of \$3,985,000 and are subject to redemption at the option of the City on July 1, 2020 and any date thereafter. This Council has determined that it is in the best interests of the City to refund the Series 2010B Bonds in order to achieve debt service savings with respect to the financing for Quick Turn Around Facility. Pursuant to the Parameters Resolution, this Council has determined that it is in the best interests of the City to sell by negotiated sale the Series 2020B Bonds in order to refund the outstanding Series 2010B Bonds and to pay costs of issuance of the Series 2020B Bonds and costs of the refunding of the Series 2010B Bonds. The Series 2020B Bonds shall be secured by the 2020B Debt Service Reserve Subaccount of the Debt Service Reserve Account, subject to release as set forth in Section 6.07. The City will pay costs of issuance for the Series 2020B Bonds and fund the deposit to the 2020B Debt Service Reserve Subaccount of the Debt Service Reserve Account in an amount equal to \$200,000 (the Reserve Requirement for the Series 2020B Bonds) from funds it has on hand and available therefor.

1.06. Negotiated Sale of Series 2020 Bonds. The City has entered into a Commitment Agreement, dated July 2, 2020 (the "Commitment Agreement"), with First Interstate Bank (the "Original Purchaser"), pursuant to which the City has agreed to sell and the Original Purchaser has agreed to purchase up to \$30,000,000 aggregate principal amount of Series 2020A Bonds at a purchase price equal to the principal amount thereof and \$3,000,000 aggregate principal amount of Series 2020B Bonds at a purchase price equal to the principal amount thereof, in each case, subject to the terms and conditions of the Commitment Agreement and this Resolution. The true interest cost of the Series 2020A Bonds is approximately 3.28% and the true interest cost of the Series 2020B Bonds is approximately 3.60%, and this Resolution amends and supersedes the Parameters Resolution with respect thereto. The sale of the Series

2020 Bonds to the Original Purchaser pursuant to the Commitment Agreement is hereby ratified and confirmed.

Proceeds from the sale of the Series 2020A Bonds will be disbursed to the City pursuant to the terms and conditions hereof and a Disbursement Agreement to be entered into among the City and the Original Purchaser (the "Disbursement Agreement"). The City Administrator and City Finance Director are hereby authorized to approve and execute the Disbursement Agreement in the form approved by such officers in consultation with Dorsey & Whitney, LLP, as bond counsel, which approval shall be conclusively determined by the execution thereof. In the event of the absence or disability of the City Administrator and/or City Finance Director, the Mayor and/or the Assistant City Administrator shall execute and deliver the Disbursement Agreement.

1.07. Revenues Available. The City is authorized by the Act to enter into contracts, leases or other arrangements and to charge reasonable and uniform rates, fees, charges and rentals for all privileges and services directly or indirectly furnished by the Airport. Section 67-11-303 of the Act provides that airport revenues may be used to pay principal of and interest on bonds issued pursuant to the Act and to establish reserves therefor. The City hereby determines, based on historical and anticipated operating results, that the Gross Revenues to be produced from the operation of the Airport during the term of the Series 2020 Bonds will be sufficient to pay the reasonable and ordinary Maintenance and Operating Expenses and to produce Net Revenues, together with Passenger Facility Charges and Customer Facility Charges, as applicable, expected to be received, sufficient to pay the Annual Debt Service Requirements and to maintain a balance in the Debt Service Reserve Account equal to the Reserve Requirement, as herein prescribed. Other than the Series 2010B Bonds, there are no other outstanding bonds or other obligations payable from or secured by Passenger Facility Charges, Customer Facility Charges or Net Revenues of the Airport.

1.08. Recitals. All acts, conditions and things required by the Constitution and laws of the State of Montana, including the Act, to make the Series 2020 Bonds valid and binding obligations in accordance with their terms and in accordance with the terms of this Resolution have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required.

Section 2. The Bonds.

2.01. General Title. The general title of the Bonds of all series shall be "Airport Revenue Bonds." Bonds of each series shall be titled so as to distinguish them from Bonds of all other series and Bonds issued for refunding purposes may be denoted as "Refunding Bonds." With respect to the Bonds of any particular series, the City may incorporate in or add to the general title of such Bonds any words, letters or fixtures designed to distinguish that series or any security in addition to Net Revenues applicable to that series.

2.02. General Limitations; Issuable in Series. The aggregate principal amount of Bonds that may be authenticated and delivered and Outstanding under the

Resolution is not limited, except as provided in Section 5 and except as may be limited by law. The Bonds may be issued in series as from time to time authorized by the City.

Except as otherwise provided or required by the context hereof, the provisions of this Resolution shall be equally applicable and binding upon any Notes issued hereunder.

If the Stated Maturity for the payment of any interest on or principal of any Bond or if any Redemption Date or Sinking Fund Payment Date shall be a day which is not a Business Day, then such payment may be made on the next succeeding Business Day, with the same force and effect as if made on such Stated Maturity, Redemption Date or Sinking Fund Payment Date (whether or not such next succeeding Business Day occurs in a succeeding month), and no interest shall accrue for the intervening period.

2.03. Special, Limited Obligations. The Bonds shall be special, limited obligations of the City. Principal of, premium, if any, and interest on the Bonds shall be payable solely from the Net Revenues (other than to the extent payable out of proceeds of the Bonds and as well from Passenger Facility Charges or Customer Facility Charges, as applicable, or another permissible source of revenue). The Bonds shall not be or constitute a pledge of the general credit or taxing powers of the City of any kind whatsoever, but the City may elect to issue Additional Bonds payable from any sources permitted under the Act, including, without limitation, from a limited tax levy or deficiency tax levy. Neither the Bonds nor any agreement or obligation of the City contained herein shall be construed to constitute an indebtedness of the State or the City within the meaning of any constitutional, statutory or Charter provisions whatsoever.

2.04. Terms of Particular Series. Each series of Bonds (except the Series 2020 Bonds which are created by Section 3) shall be created by a Supplemental Resolution. The Bonds of each series (except the Series 2020 Bonds which are created by Section 3) shall bear such date or dates, shall be payable at such place or places, shall have such Stated Maturities and Redemption Dates, shall bear interest, if any, at such rate or rates, from such date or dates or shall be payable in such installments and on such dates and at such place or places, and may be redeemable at such price or prices and upon such terms (in addition to the prices and terms herein specified for redemption of all Bonds) as shall be provided in the Supplemental Resolution creating that series, all upon such terms as the City may determine. The City may, at the time of the creation of any series of Bonds or at any time thereafter, make, and the Bonds of that series may contain, provision for:

- (i) a sinking, amortization, improvement or other analogous fund;
- (ii) limiting the aggregate principal amount of the Bonds of that series and of Additional Bonds including Completion Bonds thereafter to be issued;
- (iii) exchanging Bonds of that series, at the option of the Holders thereof, for other Bonds of the same series of the same aggregate principal

amount of a different authorized kind or authorized denomination or denominations; or

- (iv) registration or transfer of ownership, or delivery thereof.

2.05. Form and Denominations of Particular Series. The form of the Bonds of each series (except the Series 2020 Bonds which are created by Section 3) shall be established by the Supplemental Resolution creating such series.

The Bonds of any series shall be issuable as fully registered Bonds, in such denominations as shall be provided in the Supplemental Resolution creating such series (except the Series 2020 Bonds which are created by Section 3). In the absence of any such provision with respect to the Bonds of any particular series, Bonds shall be in the denomination of \$5,000 or any integral multiple thereof, of a single Stated Maturity. The ownership of the Bonds shall be transferred only upon the Bond Register of the City.

2.06. Execution and Authentication. Each Bond shall be executed on behalf of the City by the officials of the City specified in a Supplemental Resolution (except the Series 2020 Bonds which are created by Section 3). The signature of any official may be facsimile, if permitted by applicable law. Bonds bearing the manual or facsimile signatures of individuals who were at any time the proper officials of the City shall bind the City, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the delivery of such Bonds or did not hold such offices at the date of such Bonds. The seal of the City need not be affixed to or imprinted on any Bond.

No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under the Resolution unless and until a certificate of authentication on such Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on each Bonds need not be signed by the same representative. The executed certificate of authentication on a Bond shall be conclusive evidence that it has been authenticated and delivered under the Resolution and in accordance with the provisions hereof.

2.07. Temporary Bonds. Pending the preparation of definitive Bonds, the City, if authorized by law, may execute and deliver temporary Bonds which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such Bonds may determine, as evidenced by their execution of such Bonds.

If temporary Bonds are issued, the City will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Bonds the City shall execute, and the Registrar shall thereupon authenticate and deliver in exchange therefor, a like principal amount of definitive Bonds

of authorized denominations. Until so exchanged the temporary Bonds shall in all respects be entitled to the same security and benefits under the Resolution as definitive Bonds.

Section 3. Series 2020 Bond Terms; Execution and Delivery.

3.01. Title, Principal Amount, Interest Rate, Stated Maturities.

(a) Series 2020A Bonds. The Series 2020A Bonds to be issued hereunder shall be designated "Airport Revenue Bonds (Passenger Facility Charge Supported), Series 2020A," and shall be issued in the maximum aggregate principal amount of \$30,000,000, or such lesser amount as shall be advanced thereunder and pursuant to the Disbursement Agreement, and as shall be set forth on the Schedule of Advances attached as *Schedule 1* to the Series 2020A Bonds. The Series 2020A Bonds shall bear interest on the Outstanding principal amount advanced from the date of each advance, or from such later date to which interest has been paid or duly provided for, until paid or discharged at the rate per annum provided in the Series 2020A Bonds. Interest on the Series 2020A Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months. The principal of and interest on the Series 2020A Bonds shall be payable in the amounts and on the respective dates set forth in the Series 2020A Bonds. The Series 2020A Bonds are neither Serial Bonds nor Term Bonds.

(b) Series 2020B Bonds. The Series 2020B Bonds to be issued hereunder shall be designated "Airport Revenue Refunding Bonds (Customer Facility Charge Supported), Series 2020B," and shall be issued in the aggregate principal amount of \$3,000,000. The Series 2020B Bonds shall bear interest on the Outstanding principal amount from the date of original issue, or from such later date to which interest has been paid or duly provided for, until paid or discharged at the rate per annum provided in the Series 2020B Bonds. Interest on the Series 2020B Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months. The principal of and interest on the Series 2020B Bonds shall be payable in the amounts and on the respective dates set forth in the Series 2020B Bonds. The Series 2020B Bonds are neither Serial Bonds nor Term Bonds.

3.02. Registered Form; Payment of Principal and Interest on Series 2020 Bonds. The Series 2020 Bonds shall be dated, as originally issued, as of July 20, 2020 and shall be issuable only in fully registered form. Upon the original delivery of the Series 2020 Bonds to the Original Purchaser and upon each subsequent transfer or exchange of a Series 2020 Bond pursuant to Section 3.03, the Registrar shall date each Series 2020 Bond as of the date of its authentication. Interest on the Series 2020 Bonds shall be payable to the Holders thereof as of the close of business on the 15th day of the month immediately preceding each Interest Payment Date, whether or not such day is a Business Day. Principal and interest shall be payable by check or draft of the Registrar mailed to the Holder as such appears in the Bond Register or by wire transfer of immediately available funds to the account specified by the Holder; *provided* that the final installment of principal (whether at Stated Maturity or earlier redemption)

shall be paid only upon presentation and surrender of the Series 2020 Bonds at the principal office of the Registrar. The Registrar shall note in the Bond Register each principal payment on the Series 2020 Bonds. The principal of and interest on the Bonds are payable in lawful money of the United States of America.

3.03. Registration of Series 2020 Bonds. The City hereby appoints the City Finance Director to act as bond registrar, transfer agent and paying agent for the Series 2020 Bonds (the "Registrar"). The City reserves the right to appoint a bank, trust company or fiscal company as successor bond registrar, transfer agent or paying agent, as authorized by the Model Public Obligations Registration Act of Montana (the "Registration Act"), but the City agrees to pay the reasonable and customary charges of the Registrar for the services performed. This Section 3.03 shall establish a system of registration for the Series 2020 Bonds as defined in the Registration Act. The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(i) Bond Register. The Registrar shall keep at its principal office a Bond Register in which the Registrar shall provide for the registration of ownership of Series 2020 Bonds and the registration of transfers and exchanges of Series 2020 Bonds entitled to be registered, transferred or exchanged.

(ii) Transfer of Series 2020 Bonds. Upon surrender to the Registrar for transfer of any Series 2020 Bond duly endorsed by the Holder thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the Holder thereof or by an attorney duly authorized by the registered owner in writing and guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Series 2020 Bonds the same series and of a like aggregate principal amount, interest rate and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer of any Series 2020 Bond or portion thereof selected or called for redemption. Notwithstanding anything herein to the contrary, the Series 2020A Bond may not be transferred by the Original Purchaser prior to the final advance of principal hereof in accordance with the Disbursement Agreement as set forth in the Series 2020A Bond.

(iii) Exchange of Series 2020 Bonds. Whenever any Series 2020 Bond is surrendered by the Holder for exchange, the Registrar shall authenticate and deliver one or more new Series 2020 Bonds of the same series and of a like aggregate principal amount, interest rate and maturity, as requested by the Holder or the Holder's attorney in writing.

(iv) Cancellation. All Series 2020 Bonds surrendered upon any transfer or exchange shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(v) Improper or Unauthorized Transfer. When any Series 2020 Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Series 2020 Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(vi) Persons Deemed Holders. The City and the Registrar may treat the Person in whose name any Series 2020 Bond is at any time registered in the Bond Register as the absolute owner of such Series 2020 Bond, whether such Series 2020 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Series 2020 Bond and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the City upon such Series 2020 Bond to the extent of the sum or sums so paid.

(vii) Taxes, Fees and Charges. For every transfer or exchange of Series 2020 Bonds (except for an exchange upon the partial redemption of a Series 2020 Bond), the Registrar may impose a charge upon the Holder thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(viii) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Series 2020 Bond shall become mutilated or be lost, stolen or destroyed, the Registrar shall deliver a new Series 2020 Bond of the same series and of like aggregate principal amount, interest rate and maturity in exchange and substitution for and upon cancellation of any such mutilated Series 2020 Bond or in lieu of and in substitution for any such Series 2020 Bond lost, stolen or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Series 2020 Bond lost, stolen or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Series 2020 Bond was lost, stolen or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. All Series 2020 Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the City. If the mutilated, lost, stolen or destroyed Series 2020 Bond has already matured or such Series 2020 Bond has been called for redemption in accordance with its terms, it shall not be necessary to issue a new Series 2020 Bond prior to payment.

3.04. Optional Redemption of Series 2020 Bonds.

(a) Series 2020A Bonds. The Series 2020A Bonds shall be subject to redemption at any time, at the option of the City, in whole or in part, at a Redemption

Price equal to the principal amount thereof to be redeemed plus interest to, but excluding, the Redemption Date, without premium; *provided, however*, that if the Series 2020A Bonds are redeemed with proceeds of refunding bonds or other debt obligations of the City during the periods below, the Series 2020A Bonds shall be subject to a prepayment penalty on the principal amount so redeemed equal to the following:

<u>Redemption Date</u>	<u>Prepayment Premium (% of Outstanding Principal Amount to be prepaid)</u>
On and before January 20, 2024	0%
From January 21, 2024 to and including January 20, 2028	5%
From January 21, 2028 to and including January 20, 2031	4%
From January 21, 2031 to and including January 20, 2034	3%
On and after January 21, 2034	0%

(b) Series 2020B Bonds. The Series 2020B Bonds shall be subject to redemption at any time, at the option of the City, in whole or in part, at a Redemption Price equal to the principal amount thereof to be redeemed plus interest to, but excluding, the Redemption Date, without premium; *provided, however*, that if the Series 2020B Bonds are redeemed with proceeds of refunding bonds or other debt obligations of the City during the periods below, the Series 2020B Bonds shall be subject to a prepayment penalty on the principal amount so redeemed equal to the following:

<u>Redemption Date</u>	<u>Prepayment Premium (% of Outstanding Principal Amount to be prepaid)</u>
From July 20, 2020 to and including July 20, 2022	3%
From July 21, 2022 to and including July 20, 2024	2%
From July 21, 2024 to and including July 20, 2025	1%
On and after July 21, 2025	0%

3.05. Extraordinary Optional Redemption. The Bonds, including the Series 2020 Bonds, are subject to redemption prior to maturity by the City, to the extent of available Net Proceeds of insurance or condemnation award, in the event: (a) the Airport or any portion thereof is damaged, destroyed or condemned; (b) the Net Proceeds of insurance or condemnation received in connection therewith exceed the greater of (i) three percent of property, plant and equipment assets of the Airport or (ii) \$500,000; and (c) the City elects to have all or any part of such Net Proceeds applied to the prepayment of the Bonds. If called for redemption in any such event, the Bonds shall be subject to redemption in whole or in part at any time, and if in part, from such series and by maturities designated by the City (and, if less than all of a maturity is being redeemed, by lot or other manner deemed fair by the Registrar within a maturity) at a Redemption Price equal to the principal amount thereof plus accrued interest to, but excluding, the Redemption Date, without premium.

3.06. Notice of Redemption of Series 2020 Bonds. The Redemption Date and the principal amount of the Series 2020 Bonds to be redeemed shall be fixed by the City Finance Director who shall give notice thereof to the Registrar at least 35 days prior to the Redemption Date or such lesser period as the Registrar accepts. The Registrar, at least 30 days prior to the designated Redemption Date, shall cause notice of redemption to be mailed, by first class mail, to the Holders of each Series 2020 Bond to be redeemed at their addresses as they appear on the Bond Register, but no defect in or failure to give such mailed notice shall affect the validity of proceedings for the redemption of any Series 2020 Bond not affected by such defect or failure. The notice of redemption shall specify the series, Redemption Date, Redemption Price, the numbers, interest rates and Stated Maturities of the Series 2020 Bonds or portions thereof to be redeemed, and the place at which the Series 2020 Bonds are to be surrendered for payment, which is the principal office of the Registrar. In addition, any notice of redemption may, at the City's discretion, be subject to one or more conditions precedent. Official notice of redemption having been given as aforesaid, the Series 2020 Bonds or portions thereof so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date (unless the City shall default in the payment of the Redemption Price) such Series 2020 Bonds or portions thereof shall cease to bear interest.

3.07. Partial Redemption of a Series 2020 Bond. The Holder of any Series 2020 Bond redeemed in part shall receive, upon surrender of such Series 2020 Bond to the Registrar, one or more new Series 2020 Bonds in authorized denominations equal in principal amount to the unredeemed portion of the Series 2020 Bond so surrendered. Notwithstanding, so long as all of a Series 2020 Bond is held by a single Holder, upon partial redemption there shall be no need to exchange a new Series 2020 Bond for the unredeemed portion of the existing Series 2020 Bond. If a Series 2020 Bond is redeemed in part in an amount at any one time less than \$1,000,000, such prepayment shall be applied to the Series 2020 Bond in inverse order of principal payments. If a Series 2020 Bond is redeemed in part in an amount at any one time equal to or greater than \$1,000,000, the Debt Service Schedule attached to the existing Series 2020 Bond

shall be revised in order to reflect substantially equal installments of principal and interest sufficient to amortize the remaining Outstanding principal by July 1, 2044.

3.08. Execution and Delivery of Series 2020 Bonds. In case any officer whose signature or a facsimile of whose signature shall appear on the Series 2020 Bonds shall cease to be such officer before the delivery thereof, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. When the Series 2020 Bonds have been so executed by said City officers, they shall be registered by the Registrar in accordance with Section 3. Notwithstanding such execution, no Series 2020 Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under the Resolution unless and until a certificate of authentication on such Series 2020 Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Series 2020 Bonds need not be signed by the same representative. The executed certificate of authentication on each Series 2020 Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Series 2020 Bonds have been fully executed and authenticated, they shall be delivered by the Registrar to the order of the Original Purchaser thereof upon payment of the purchase price in accordance with the Commitment Agreement authorized in Section 1.06, and the Original Purchaser shall not be obligated to see to the application of the purchase price and is not responsible for the application thereof.

3.09. Form of Series 2020 Bonds. The Series 2020A Bonds shall be prepared in substantially the form set forth as Exhibit A hereto, and by this reference made a part hereof. The Series 2020B Bonds shall be prepared in substantially the form set forth as Exhibit B hereto, and by this reference made a part hereof.

3.10. Application of Proceeds of Series 2020 Bonds.

(a) Series 2020A Bonds. The proceeds of the Series 2020A Bonds will be disbursed pursuant to the Disbursement Agreement.

(b) Series 2020B Bonds. The proceeds of the Series 2020B Bonds (\$3,000,000) will be deposited in the Escrow Account immediately upon delivery of the Series 2020B Bonds, to be used for the redemption and prepayment of the Series 2020B Bonds as set forth in the Escrow Agreement.

Section 4. Escrow; Redemption of Series 2020B Bonds. Simultaneously with the delivery of the Series 2020B Bonds, the City Finance Director shall cause to be deposited in the escrow account (the "Escrow Account") established pursuant to the Escrow Agreement (the "Escrow Agreement") between the City and U.S. Bank National Association, as escrow agent (the "Escrow Agent"), \$4,009,756.56 (representing a sum equal to amounts on hand in the City's debt service account for the Series 2010B Bonds (\$500,043.76), proceeds of the Series 2020B Bonds (\$3,000,000) and a cash deposit from the City (\$509,712.80), for the redemption, prepayment and defeasance of the Series 2010B Bonds, all as set forth in the Escrow Agreement. The City Finance Director shall cause the amount so deposited to be invested in general obligations of the United States or securities of United States agencies which are authorized by law to be so deposited, maturing on the dates and bearing interest at the rates required to provide funds together with the beginning cash balance sufficient to refund the Series 2010B Bonds. The Escrow Account and all investments thereof shall be held in safekeeping by said Escrow Agent, and said account and all income therefrom are irrevocably appropriated for the purposes stated in this Section 4. The City Administrator and City Finance Director are hereby authorized to approve and execute the Escrow Agreement in the form approved by such officers in consultation with Dorsey & Whitney, LLP, as bond counsel, which approval shall be conclusively determined by the execution thereof. In the event of the absence or disability of the City Administrator and/or City Finance Director, the Mayor and/or the Assistant City Administrator shall execute and deliver the Escrow Agreement. The Series 2010B Bonds are hereby called for redemption on August 25, 2020.

Section 5. Lien on Net Revenues; Passenger Facility Charges; Customer Facility Charges; Additional Bonds.

5.01. Parity Lien on Net Revenues; Passenger Facility Charges; Customer Facility Charges; Special Purpose Facility Bonds.

(a) All Bonds issued hereunder shall be secured, equally and ratably, by a first lien upon the Net Revenues of the Airport, the Gross Revenues being subject to the prior appropriation thereof to the Maintenance and Operating Account for the payment of Maintenance and Operating Expenses, as provided in Section 6.05.

(b) Bonds issued hereunder may also be secured by the covenant and agreement of the City in Section 6.06 to pledge and appropriate Passenger Facility Charges, if then available, to the subaccount in the Debt Service Account relating to PFC Bonds of such series. Such pledge in favor of Outstanding PFC Bonds shall not limit the ability of the City to expend in any Fiscal Year pledged Passenger Facility Charges in excess of the Debt Service Requirements during such Fiscal Year on all Outstanding PFC Bonds. The City covenants and agrees that from and after the issuance of Additional Bonds that are PFC Bonds and so long as such PFC Bonds are Outstanding, it will not decrease the rate or amount of Passenger Facility Charges, that it will not pledge or grant a security interest in the Passenger Facility Charges other than pursuant to Federal Aviation Administration regulations or rules or this Resolution, and that it will pledge Passenger Facility Charges to the payment of and security of

Additional Bonds constituting PFC Bonds only if the requirements of Section 5.04 (including paragraph (c) thereof) are satisfied. The Series 2020A Bonds are PFC Bonds, and as such a first lien pledge on the Passenger Facility Charges and on Net Revenues is hereby granted to the Series 2020A Bonds and the Series 2020A Bonds are payable from and secured by Passenger Facility Charges and by Net Revenues, all in accordance with the Resolution.

(c) Bonds issued hereunder may also be secured by the covenant and agreement of the City in Section 6.06 to pledge and appropriate Customer Facility Charges, if then available, to the subaccount in the Debt Service Account relating to CFC Bonds of such series. Such pledge in favor of Outstanding CFC Bonds shall not limit the ability of the City to expend in any Fiscal Year pledged Customer Facility Charges in excess of the Debt Service Requirements during such Fiscal Year on all Outstanding CFC Bonds. The City covenants and agrees that from and after the issuance of Additional Bonds that are CFC Bonds and so long as such CFC Bonds are Outstanding, it will not pledge or grant a security interest in the Customer Facility Charges other than pursuant to the Customer Facility Charge Ordinance or this Resolution and that it will pledge Customer Facility Charges to the payment of and security of Additional Bonds constituting CFC Bonds only if the requirements of Section 5.04 (including paragraph (d) thereof) are satisfied. The Series 2020B Bonds are CFC Bonds, and as such a first lien pledge on the Customer Facility Charges and on Net Revenues is hereby granted to the Series 2020B Bonds and the Series 2020B Bonds are payable from and secured by Customer Facility Charges and by Net Revenues, all in accordance with the Resolution.

(d) The Series 2020 Bonds are secured equally and ratably with all other Outstanding Bonds by the Net Revenues. In the event of the issuance of Additional Bonds that are either PFC Bonds or CFC Bonds, the failure of the City to transfer Passenger Facility Charges or Customer Facility Charges, as the case may be, to the applicable subaccount in the Debt Service Account because there are not sufficient Passenger Facility Charges or Customer Facility Charges, as the case may be, then available shall not constitute a default hereunder, so long as sufficient Net Revenues are transferred.

(e) Special Purpose Facility Bonds are permitted by and are not subject to the lien of the Resolution. The City reserves the unconditional right to issue Special Purpose Facility Bonds for the acquisition, construction, reconstruction, enlargement, improvement and equipment of any Special Purpose Facility, or the refinancing thereof, outside the provisions of and not subject to the lien, provisions or limitations of the Resolution.

5.02. General Provisions. In addition to the Series 2020 Bonds, whose issuance and delivery are provided for in Section 3, Additional Bonds may at any time and from time to time be issued, sold and delivered by the City but only upon filing with the City Clerk and the Registrar the following:

(i) A Supplemental Resolution creating the designated series of Additional Bonds and authorizing the issuance and the sale thereof to the Original Purchaser named therein for the purchase price set forth therein or pursuant thereto;

(ii) An opinion of Bond Counsel stating in effect:

(A) that all conditions precedent provided in this Resolution relating to the issuance and delivery of such Additional Bonds have been complied with, including any conditions precedent specified in this Section;

(B) that the series of Additional Bonds when issued and delivered by the City will be valid and binding special, limited obligations of the City in accordance with their terms and the terms hereof and entitled to the benefits of and secured by this Resolution; and

(C) that the issuance of such Additional Bonds will not adversely affect the exemption from federal income taxation of the interest on any Bonds then Outstanding, the interest on which is excludable from gross income for federal income tax purposes.

(iii) A certificate signed by the Mayor, the City Finance Director and the City Clerk stating that the City is not then in default under this Resolution or that any default then existing will be cured upon the issuance of the Additional Bonds and, if the series of Additional Bonds is to be secured by the Debt Service Reserve Account, that on the date of issuance of such Additional Bonds and after giving effect to the issuance of such Additional Bonds the balance in the Debt Service Reserve Account is not less than the Reserve Requirement; and

(iv) Such other certificates and opinions as may be required to satisfy the provisions and requirements of Sections 5.04 through 5.07.

5.03. Completion Bonds.

(a) Authorization of Completion Bonds. If the proceeds from the sale of a series of Bonds are insufficient to finance the costs of the Project for which the Bonds were issued, the City may issue Completion Bonds in such amount as is necessary to defray any such additional cost, subject to the limitations contained herein or in a Supplemental Resolution. Completion Bonds shall be issued in accordance with Section 5.02 and compliance with Section 5.04 is not required.

Prior to any delivery of Completion Bonds there shall be filed with the City Clerk a certificate of the Director of Aviation and Transit (i) estimating the revised aggregate cost of such Project, (ii) stating that the revised aggregate cost of such Project cannot be paid with the moneys available in the Construction Account, and (iii) stating that the issuance of the Completion Bonds is necessary to provide funds for the completion of the Project.

(b) Limitation on Completion Bonds. The aggregate principal amount of Completion Bonds that may be issued by the City to complete a Project may not exceed 30% of the aggregate principal amount of the initial series of Bonds issued to finance such Project.

5.04. Additional Bonds for Projects. One or more series of Additional Bonds (other than Completion Bonds) may be issued to finance the cost of a Project. Prior to the issuance of such series of Additional Bonds, there shall be filed with the City Clerk:

(i) (A) If the Additional Bonds are proposed to be secured by only Net Revenues, a certificate or opinion of the Director of Aviation and Transit (i) setting forth (A) the Net Revenues for the most recent Audited Fiscal Year immediately preceding the delivery of such series of Additional Bonds and (B) the maximum Debt Service Requirements in the current or any future Fiscal Year in respect of the Bonds to be Outstanding upon issuance of such Additional Bonds that are secured by Net Revenues alone (including such proposed Additional Bonds but excluding any Bonds not to be Outstanding upon issuance of such Additional Bonds); and (ii) demonstrating that the Net Revenues are not less than 125% of the maximum Debt Service Requirements in the current or any future Fiscal Year during the term of such Bonds. In computing the Debt Service Requirements to determine whether the revenue coverage test is satisfied by the application of Net Revenues, the Director of Aviation and Transit shall disregard the debt service on any Outstanding CFC Bonds to the extent that Customer Facility Charges satisfy 125% of the maximum Debt Service Requirements for the current or any future Fiscal Year on such CFC Bonds (calculated as provided in Section 5.04(i)(B)) and the debt service on any Outstanding PFC Bonds to the extent that Passenger Facility Charges satisfy 125% of the maximum Debt Service Requirements for the current or any future Fiscal Year on such PFC Bonds (calculated as provided in Section 5.04(i)(C)) and apply the Net Revenues only against the debt service on the Outstanding Bonds and proposed Additional Bonds that are secured only by Net Revenues. To the extent that the debt service on CFC Bonds or PFC Bonds cannot be excluded from Debt Service Requirements by reason of the preceding sentence, the Director of Aviation and Transit shall take into account both the CFC Bond debt service and the Customer Facility Charges or the PFC Bond debt service and the Passenger Facility Charges, as applicable, prior to the application of Net Revenues against the debt service on the CFC Bonds or PFC Bonds, as applicable, in determining whether the revenue coverage test is satisfied.

(B) If the Additional Bonds are proposed to be issued as CFC Bonds, a certificate or opinion of the Director of Aviation and Transit (i) setting forth (A) the Net Revenues and Customer Facility Charges for the most recent Audited Fiscal Year immediately preceding the delivery of

Additional Bonds proposed to be issued as CFC Bonds and (B) the maximum Debt Service Requirements in the current or any future Fiscal Year in respect of the Bonds to be Outstanding upon the issuance of the Additional Bonds that are secured by either Net Revenues alone or by Net Revenues and Customer Facility Charges (including such proposed Additional Bonds but excluding any Bonds not to be Outstanding upon issuance of such Additional Bonds) and (ii) demonstrating that the sum of the Customer Facility Charges in respect of Outstanding CFC Bonds or CFC Bonds proposed to be issued plus Net Revenues is not less than 125% of the maximum Debt Service Requirements in the current or any future Fiscal Year during the term of such Bonds. In computing the Debt Service Requirements to determine whether the revenue coverage test is satisfied, the Director of Aviation and Transit shall disregard the debt service on any Outstanding PFC Bonds to the extent that Passenger Facility Charges satisfy 125% of the maximum Debt Service Requirements for the current or any future Fiscal Year on such PFC Bonds (calculated as provided in Section 5.04(i)(C)) and apply the Net Revenues and Customer Facility Charges, as applicable, only against the debt service on the Outstanding Bonds and Additional Bonds proposed to be issued that are secured by only Net Revenues or by Net Revenues and Customer Facility Charges. To the extent the debt service on PFC Bonds cannot be excluded from Debt Service Requirements by reason of the preceding sentence, the Director of Aviation and Transit shall take into account both the PFC Bond debt service and the Passenger Facility Charges, as applicable, prior to the application of Net Revenues against the debt service on the PFC Bonds in determining whether the revenue coverage test is satisfied.

If the City has increased the rate or charge of its Customer Facility Charges during or since the end of the most recent Audited Fiscal Year and such increased rate or charge of Customer Facility Charges are in effect at the time of issuance of the Additional Bonds proposed to be issued as CFC Bonds or are authorized to go into effect within 60 days thereafter, the Director of Aviation and Transit may adjust historical Customer Facility Charges for the most recent Audited Fiscal Year to include Customer Facility Charges which would have been received had such increased rate or charge of Customer Facility Charges been in effect for such entire Audited Fiscal Year.

(C) If the Additional Bonds are proposed to be issued as PFC Bonds, (i) the certificate of the Director of Aviation and Transit required by Section 5.04(iii) confirming the approval by the Federal Aviation Administration of the application for the Passenger Facility Charges to finance costs of a Project with Additional Bonds that are PFC Bonds (the "Additional PFC Bonds Application"); and (ii) a certificate or opinion of the Director of Aviation and Transit setting forth (A) the Passenger Facility

Charges available to pay the debt service on the Additional Bonds proposed to be issued as PFC Bonds and any Outstanding PFC Bonds in the current or any future Fiscal Year during the term of such Bonds from Passenger Facility Charges in effect prior to the Additional PFC Bonds Application and as well pursuant to the Additional PFC Bonds Application and the Net Revenues for the most recent Audited Fiscal Year immediately preceding the delivery of the Additional Bonds to be issued as PFC Bonds and (B) the maximum Debt Service Requirements in the current or any future Fiscal Year in respect of the Bonds to be Outstanding upon the issuance of the Additional Bonds that are secured by either Net Revenues alone or by Net Revenues and Passenger Facility Charges (including such proposed Additional Bonds but excluding any Bonds not to be Outstanding upon issuance of such Additional Bonds) and (C) demonstrating that the sum of Passenger Facility Charges in respect of Outstanding PFC Bonds or PFC Bonds proposed to be issued plus Net Revenues is not less than 125% of the maximum Debt Service Requirements in the current or any future Fiscal Year during the term of such Bonds. In computing the Debt Service Requirements to determine whether the revenue coverage test is satisfied, the Director of Aviation and Transit shall disregard the debt service on any Outstanding CFC Bonds to the extent that Customer Facility Charges satisfy 125% of the maximum Debt Service Requirements for the current or any future Fiscal Year on such CFC Bonds (calculated as provided in Section 5.04(i)(B)) and apply the Net Revenues and Passenger Facility Charges, as applicable, only against the debt service on the Outstanding Bonds and Additional Bonds proposed to be issued that are secured by only Net Revenues or by Net Revenues and Passenger Facility Charges. To the extent the debt service on CFC Bonds cannot be excluded from Debt Service Requirements by reason of the preceding sentence, the Director of Aviation and Transit shall take into account both the CFC Bond debt service and the Customer Facility Charges, as applicable, prior to the application of Net Revenues against the debt service on the CFC Bonds in determining whether the revenue coverage test is satisfied.

(ii) If the certificate or opinion provided for in paragraph (i) is not filed, in lieu thereof, the following:

- (A) a certificate or opinion of the Director of Aviation and Transit (i) setting forth, for the last Audited Fiscal Year or for any period of twelve consecutive calendar months out of the eighteen calendar months immediately preceding the delivery of such series of Additional Bonds (A) the Net Revenues; Customer Facility Charges pledged to the repayment of any Outstanding CFC Bonds, and Passenger Facility Charges pledged to the repayment of any Outstanding PFC Bonds for such period and (B) the Debt Service Requirements for such period; and (ii) demonstrating that for such period the sum of the Net Revenues in

respect of Outstanding Bonds, and Passenger Facility Charges in respect of only Outstanding PFC Bonds, and Customer Facility Charges in respect of only Outstanding CFC Bonds, equaled at least the amount needed for making the deposits to the several accounts in the Airport Fund required under this Resolution; provided that in making the foregoing calculation the Director of Aviation and Transit may take into consideration the Passenger Facility Charges only in the event PFC Bonds are Outstanding and only to the extent of 125% of the Annual Debt Service Requirements of such Outstanding PFC Bonds and may take into consideration the Customer Facility Charges only in the event CFC Bonds are Outstanding and only to the extent of 125% the Annual Debt Service Requirements of such Outstanding CFC Bonds; and

(B) A certificate of the Director of Aviation and Transit setting forth (a) the estimated date of completion for the Project for which such series of Additional Bonds is being issued and (b) in reasonable detail, an estimate of the costs of the Project; and

(C) A certificate or report from the Director of Aviation and Transit (i) stating that in the opinion of the Director of Aviation and Transit, based upon reasonable assumptions (which are set forth in the certificate), fees and other charges calculated in accordance with Section 7.09(a) projected to be received following the issuance of the Additional Bonds will be sufficient to produce Net Revenues in respect of all Bonds to be Outstanding upon the issuance of the Additional Bonds, Passenger Facility Charges in respect of only PFC Bonds to be Outstanding upon the issuance of the Additional Bonds, and Customer Facility Charges in respect of only CFC Bonds to be Outstanding upon the issuance of the Additional Bonds, in an amount not less than 125% of the maximum Debt Service Requirements for a Fiscal Year in respect of the Bonds to be Outstanding upon the issuance of the Additional Bonds (including the proposed Additional Bonds but excluding any Bonds not to be Outstanding upon issuance of such Additional Bonds) for each of the three complete Fiscal Years immediately following the most recent Audited Fiscal Year in relation to the date of the computation; provided that in making the foregoing calculation the Director of Aviation and Transit may take Passenger Facility Charges and Customer Facility Charges into consideration for these purposes only in the event PFC Bonds or CFC Bonds, respectively, are to be Outstanding upon the issuance of the Additional Bonds and as to proposed Additional Bonds that are PFC Bonds or CFC Bonds only upon satisfaction of paragraph 5.04(iii) or 5.04(iv), respectively, and in any event only to the extent of 125% of the Annual Debt Service Requirements of the Outstanding PFC Bonds and the proposed Additional Bonds that are PFC Bonds and the Annual Debt Service Requirements of the Outstanding CFC Bonds and the proposed Additional Bonds that are CFC Bonds, as appropriate. In

any event, if capitalized interest is to be applied in the last Fiscal Year of the period consisting of the three complete Fiscal Years described in the preceding sentence, such period will be extended through the end of the first complete Fiscal Year during which neither capitalized interest nor investment income thereon is projected to be available.

(iii) If the Additional Bonds are proposed to be issued as PFC Bonds, in addition to the documents required by paragraph (i) or paragraph (ii) of this Section 5.04, as applicable, a certificate signed by the Director of Aviation and Transit stating that the City has submitted an application for Passenger Facility Charges for a Project to be financed by the Additional Bonds that are PFC Bonds, such application has been approved with a copy of the Federal Aviation Administration approval letter or other approval document, and the revenues derived from such passenger facility charges shall constitute Passenger Facility Charges for all purposes of this Resolution and are pledged to the payment of such Additional PFC Bonds to the extent provided herein.

(iv) If the Additional Bonds are proposed to be issued as CFC Bonds, in addition to the documents required by paragraph (i) or paragraph (ii) of this Section 5.04, as applicable, a certificate signed by the Director of Aviation and Transit stating that such CFC Bonds are to be issued in respect of a Car Rental Facility approved pursuant to the Customer Facility Charge Ordinance.

5.05. Additional Bonds Issued as Refunding Bonds. If the Additional Bonds are issued to refund all or any Bonds or Notes then Outstanding, there is to be filed with the City Clerk and the Registrar:

(i) a report of an Independent Accountant to the effect that either
(i) the net proceeds (excluding accrued interest but including any premium) of the Additional Bonds plus any money available and to be withdrawn from the Debt Service Account or the Debt Service Reserve Account for such purpose, together with any other funds deposited for such purpose, will be not less than an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds to be refunded; provided that a report of an Independent Accountant shall not be required if the Redemption Date of the Bonds to be redeemed is not more than 90 days after the date of issuance of the Additional Bonds to effect the redemption and the aggregate amount deposited upon issuance of such Additional Bonds is sufficient to pay, without regard to investment earnings thereon, the principal of, premium, if any, and interest on the Bonds to be refunded to the Redemption Date or Stated Maturities thereof; or (ii) there shall be deposited in an escrow account in trust, Government Obligations which do not permit the redemption thereof at the option of the issuer, the principal of and the interest on which when due and payable (or redeemable at the option of the holder thereof) will provide, together with any other money which shall have been deposited irrevocably in the escrow account for such purpose, an amount sufficient to pay, without reinvestment, the principal of, premium, if any, and interest on the Outstanding Bonds to be refunded; or

(ii) if the Supplemental Resolution authorizing the issuance of the Additional Bonds provides for the creation of an escrow account and provides that amounts in such escrow account are pledged only to and may be used only for the payment of the principal of, premium, if any, and interest on the Additional Bonds until the first optional Redemption Date of the Outstanding Bonds to be refunded (at which time such amounts must be transferred to the Debt Service Account and used to pay the principal of, premium, if any, and interest on the Outstanding Bonds to be refunded), a report of an Independent Accountant to the effect that the proceeds of such Additional Bonds to be deposited in such escrow account are in an amount sufficient to pay the principal of, premium, if any, and interest on the Additional Bonds payable until the first optional Redemption Date of the Outstanding Bonds to be refunded and to pay the principal of, premium, if any, and interest on all Outstanding Bonds to be refunded on such Redemption Date; or

(iii) if (x) the Debt Service Requirements of the Additional Bonds exceed in any Fiscal Year by more than 5% the Debt Service Requirements of the Outstanding Bonds to be refunded, (y) the Additional Bonds are issued to refund Subordinate Obligations or (z) if not all Outstanding Bonds of a series are to be refunded and if the first Stated Maturity of the series of Additional Bonds is earlier than the final Stated Maturity of the Outstanding Bonds of such series not to be refunded, the documents that would be required in respect of such Additional Bonds under Section 5.04(i) or 5.04(ii); or

(iv) if Additional Bonds are to be issued to refund Outstanding Notes issued under Section 5.07 in anticipation of the issuance thereof, and if the average interest rate on such Additional Bonds exceeds the maximum rate assumed upon the issuance of the Notes under Section 5.07(i), the documents that would be required in respect of such Additional Bonds under Section 5.04(i) or 5.04(ii).

5.06. Subordinate Obligations Permitted. Nothing herein prevents the City from issuing subordinate bonds or incurring other obligations having a lien on the Net Revenues subordinate to the lien thereon of Bonds and payable from the Subordinate Obligations Account. Each Subordinate Obligation shall include in its title a word or phrase such as "subordinate" or "junior" or "second lien" and a clear statement that the lien thereof on Net Revenues is subordinate to the lien on all Bonds. No payment of principal of, premium, if any, or interest shall be made on any Subordinate Obligation if the City is then in default in the payment of principal or interest on any Bond, which will not be cured by the issuance of the Subordinate Obligations and no obligations may be issued pursuant to this Section 5.06 if a deficiency exists in the Debt Service Account or the Debt Service Reserve Account which is not to be restored by the issuance of the Subordinate Obligations. Any surplus Net Revenues segregated to pay such Subordinate Obligations are subject to the prior appropriation thereof to the Debt Service Account and the Debt Service Reserve Account if necessary to meet the requirements thereof.

5.07. Notes. The City may from time to time issue Notes in anticipation of the issuance of Additional Bonds subject to the following conditions:

(i) the Additional Bonds in anticipation of which the Notes are issued, assuming a maximum rate of interest on such Additional Bonds, shall be authorized to be issued under Section 5.04;

(ii) the payment of interest on the Notes from Net Revenues shall be subordinated to Outstanding Bonds and the principal of the Notes shall be payable solely from the proceeds of the Additional Bonds, unless the City is unable to sell the Additional Bonds, in which case the Notes shall be exchanged for the Additional Bonds on a par-for-par basis bearing interest at the maximum rates assumed under subsection (a) of this Section 5.07; and

(iii) the Notes shall have Stated Maturities within two years of their date of issue.

Section 6. Airport Fund and Accounts.

6.01. Continuation of Airport Fund. The City has established a separate fund designated as the Airport Fund, which shall be maintained as a separate bookkeeping account on the official books of the City until all Bonds and interest and redemption premiums due thereon have been fully paid, or the City's obligations with reference to such Bonds has been discharged as provided in Section 10. All proceeds of Bonds (other than refunding Bonds issued pursuant to Section 5.05 which are deposited pursuant to an escrow agreement) and all other funds presently on hand derived from the operation of the Airport and constituting Gross Revenues or Passenger Facility Charges or Customer Facility Charges are irrevocably pledged and appropriated to the Airport Fund. In addition, there is hereby irrevocably pledged and appropriated to the Airport Fund all investment earnings on all funds and accounts within the Fund.

6.02. Accounts. The following accounts have been established and shall be maintained as separate bookkeeping accounts in the Airport Fund:

- (i) a Construction Account;
- (ii) a Revenue Account;
- (iii) a Maintenance and Operating Account;
- (iv) a Debt Service Account;
- (v) a Debt Service Reserve Account;
- (vi) a Subordinate Obligations Account;
- (viii) a Passenger Facility Charge Account;
- (x) a Customer Facility Charge Account;
- (xi) a Capital Account; and
- (ix) a Rebate Account.

6.03. Construction Account. Within the Construction Account a separate subaccount shall be established for each series of Bonds any part of the proceeds of

which are credited to the Construction Account. There is hereby created in the Construction Account a separate subaccount for the Series 2020A Bonds to be denominated the "2020A Construction Subaccount". Upon the issuance of any series of Additional Bonds, the City shall establish a subaccount in the Construction Account relating thereto. The Construction Account shall be used only to pay as incurred and allowed Project Costs which are capital costs of Projects authorized in accordance with law and herein, including but not limited to payments due for work and materials performed and delivered under construction contracts, architectural, engineering, inspection, supervision, fiscal and legal expenses, the cost of lands and easements, interest accruing on Bonds during the period of construction of facilities financed thereby as described in this section, if and to the extent that the Debt Service Account is not sufficient for payment of such interest, costs of issuance of the Bonds, reimbursement of any advances made from other City funds, and all other expenses incurred in connection with the construction and financing of such Projects (collectively, "Project Costs"). To the appropriate subaccount of the Construction Account shall be credited as received all proceeds of Bonds to be applied to the payment of Project Costs and any other funds appropriated by the City for an improvement, betterment or extension to the Airport, any funds received by the City as a grant in aid of construction of the Projects being financed from the proceeds of the Bonds and all income received from the investment of the Construction Account. Upon completion of a Project, the balance remaining in the subaccount of the Construction Account for the Bonds issued to finance that Project, net of any amounts required to be transferred to the Rebate Account as provided in Section 6.12, may be used to pay the cost of other capital improvements to the Airport, if the City receives an opinion of Bond Counsel that the financing of such improvement would not affect the tax exempt status of the Bonds, but if and to the extent not so used shall be transferred to the Debt Service Reserve Account to the extent required to establish the Reserve Requirement therein and, to the extent not so required, to the Debt Service Account.

6.04. Revenue Account. All Gross Revenues and all other revenues required to be deposited, other than any Passenger Facility Charge or Customer Facility Charge, shall be credited as received to the Revenue Account. On each Allocation Date, Gross Revenues in the Revenue Account shall be allocated to the Maintenance and Operating Account, Debt Service Account, Debt Service Reserve Account, Subordinate Obligations Account and Capital Account in that order as provided in Sections 6.05 through 6.11 in the respective amounts called for by each such account, as described below. Amounts in the Revenue Account in excess of the requirements of the Maintenance and Operating Account, Debt Service Account, Debt Service Reserve Account, Subordinate Obligations Account and Capital Account shall be retained in the Revenue Account and may be used by the City for any lawful purpose of the City relating to the Airport, including, but not limited to, the replacement or renewal or major repair of worn out, obsolete or damaged properties and equipment of the Airport or for improvements or additions to the Airport if so directed by the Council, to pay Maintenance and Operating Expenses, to make transfers to the Rebate Account, if necessary, to redeem Bonds which are subject to redemption according to their terms, to pay principal of or interest on Bonds to the extent of a shortfall in amounts required

under Section 6.06 not otherwise satisfied as prescribed below, to make transfers to the Debt Service Reserve Account to the extent of a deficiency therein not otherwise satisfied as prescribed below and to fund the General Subaccount. In the event construction and installation of additional improvements or additions to the Airport are financed from Subordinate Obligations, surplus Net Revenues from time to time received may be segregated and paid into the Subordinate Obligations Account for the repayment of Subordinate Obligations and interest thereon, in advance of payments required to be made into the Capital Account, subject to the limitations of Section 5.06.

6.05. Maintenance and Operating Account. On and as of each Allocation Date, there shall be credited to the Maintenance and Operating Account, from the balance then on hand in the Revenue Account, such amount as may be required with any amount then on hand in the Maintenance and Operating Account to pay the Maintenance and Operating Expenses which are then due and payable or will become due and payable before the next Allocation Date (including any amount to be held as a reserve for transfer to the Rebate Account) plus such amount as is reasonably necessary to accumulate in the Maintenance and Operating Account a balance for payment when due of items of Maintenance and Operating Expense not due and payable on a monthly basis. Money in the Maintenance and Operating Account shall be used solely for the payment when due of Maintenance and Operating Expenses and to make transfers to the Rebate Account, if necessary.

6.06. Debt Service Account. Within the Debt Service Account a separate subaccount shall be established for each series of Bonds. There is hereby created in the Debt Service Account a separate subaccount for the Series 2020A Bonds to be denominated the "2020A Debt Service Subaccount" and a separate subaccount for the Series 2020B Bonds to be denominated the "2020B Debt Service Subaccount". Upon the issuance of any series of Additional Bonds, the City shall establish a subaccount in the Debt Service Account relating thereto. Money on hand in a subaccount in the Debt Service Account shall be used to pay the principal of, premium, if any, and interest on the Bonds of the series to which such subaccount relates, as further provided in this Section 6.06. If no Bonds of a series are Outstanding, any available funds in the subaccount in the Debt Service Account relating to such series of Bonds shall be transferred to the other subaccounts in the Debt Service Account, pro rata, in proportion to the Debt Service Requirements with respect to each series of Bonds then Outstanding in the then current Fiscal Year.

On and as of each Allocation Date the City shall transfer for deposit in the appropriate subaccounts within the Debt Service Account as follows: (i) with respect to any Outstanding PFC Bonds, from amounts on hand in the Passenger Facility Charges Account an amount equal to one-sixth of the interest due and payable on the next Interest Payment Date or Dates from such account and one-twelfth of the principal, if any, due and payable on the next Principal Payment Date or Dates within the next twelve months on all Outstanding PFC Bonds to the subaccount or subaccounts in the Debt Service Account relating to such PFC Bonds (or if the Outstanding PFC Bonds are payable other than semi-annually as to interest and annually as to principal, an amount

per month to accumulate to an amount due on the Interest Payment Date and Principal Payment Date); (ii) with respect to any Outstanding CFC Bonds, from amounts on hand in the Customer Facility Charges Account an amount equal to one-sixth of the interest due and payable on the next Interest Payment Date or Dates from such account and one-twelfth of the principal, if any, due and payable on the next Principal Payment Date or Dates within the next twelve months on all Outstanding CFC Bonds to the subaccount or subaccounts in the Debt Service Account relating to such CFC Bonds (or if the Outstanding CFC Bonds are payable other than semi-annually as to interest and annually as to principal, an amount per month to accumulate to an amount due on the Interest Payment Date and Principal Payment Date); and (iii) from the balance then on hand in the Revenue Account, after the required credit to the Maintenance and Operating Account, an amount equal to one-sixth of the interest due and payable on the next Interest Payment Date or Dates on all Bonds then Outstanding payable from such subaccount and one-twelfth of the principal, if any, due and payable on the next Principal Payment Date or Dates within the next twelve months on all Outstanding Bonds payable from such subaccount (or if the Outstanding Bonds are payable other than semi-annually as to interest and annually as to principal, an amount per month to accumulate to an amount due on the Interest Payment Date and Principal Payment Date), less the amount of any transfer to such subaccount with respect to Outstanding PFC Bonds and Outstanding CFC Bonds made on such date pursuant to clauses (i) and (ii) respectively of this sentence; provided, however, that on the Allocation Date immediately preceding each Interest Payment Date and each Principal Payment Date the amount to be credited to a subaccount in the Debt Service Account shall be increased or decreased, as the case may be, in order that the balance therein immediately after such credit will equal the total amount due and payable from that subaccount on such Interest Payment Date or Principal Payment Date. If on an Allocation Date, there are not sufficient Gross Revenues remaining after the required credit to the Maintenance and Operating Account to make the deposits required by the immediately preceding sentence to all subaccounts in the Debt Service Account, then the available amount of Gross Revenues shall be credited to the various subaccounts in the Debt Service Account, pro rata, in proportion to the Debt Service Requirements with respect to each series of Bonds then Outstanding in the then current Fiscal Year. Similarly, if on an Allocation Date, there are not sufficient Passenger Facility Charges or Customer Facility Charges to make the deposits required by the first sentence of this paragraph to the subaccounts in the Debt Service Account relating to all Outstanding PFC Bonds and Outstanding CFC Bonds, respectively, then the available amount of Passenger Facility Charges and Customer Facility Charges shall be credited to such subaccounts in the Debt Service Account, pro rata, in proportion to the Debt Service Requirements with respect to each series of PFC Bonds and CFC Bonds, respectively, then Outstanding in the then current Fiscal Year.

Money from time to time held in the Debt Service Account shall be disbursed only to meet payments of principal of, premium, if any, and interest on the Bonds as such payments become due, including payments of principal of, premium, if any, and interest on any Term Bonds on a Sinking Fund Payment Date and payments under Credit Facility Obligations; provided that on any date when the balance then on

hand in a subaccount in the Debt Service Account for a series of Bonds, plus the balance then on hand in a subaccount in the Debt Service Reserve Account, if any, for the same series of Bonds is sufficient with other money available to pay or discharge all Bonds of that series and the interest accrued thereon in full, and the balance on hand in all other subaccounts in the Debt Service Reserve Account with respect to Bonds not to be discharged will be at least equal to the Reserve Requirement, it may be used for that purpose.

If any payment of principal, premium or interest becomes due on Bonds when money in the subaccount in the Debt Service Account is insufficient therefor, an amount equal to such deficiency shall be transferred to the subaccount in the Debt Service Account from the Debt Service Reserve Account not less than two Business Days prior to the Interest Payment Date, Principal Payment Date, or both, as the case may be.

Nothing herein shall preclude the City from remitting grant proceeds or other available funds in lieu of or in addition to Passenger Facility Charges or Customer Facility Charges.

6.07. Debt Service Reserve Account. Within the Debt Service Reserve Account a separate subaccount shall be established for each series of Bonds secured thereby. There is hereby created in the Debt Service Reserve Account a separate subaccount for the Series 2020A Bonds to be denominated the "2020A Debt Service Reserve Subaccount" and a separate subaccount for the Series 2020B Bonds to be denominated the "2020B Debt Service Reserve Subaccount". Upon the issuance of any series of Additional Bonds secured by the Debt Service Reserve account, the City shall establish a subaccount in the Debt Service Reserve Account relating thereto. The subaccount in the Debt Service Reserve Account created for a series of Bonds constitutes a separate debt service reserve account for such series of Bonds and no other series of Bonds shall be secured thereby. If on any Allocation Date, the balance in a subaccount created in the Debt Service Reserve Account created for any series of PFC Bonds or any series of CFC Bonds is less than the Reserve Requirement related thereto there shall be credited to such subaccount from the balance on hand in the Passenger Facility Charge Account or the Customer Facility Charge Account, as appropriate, after the required credit to the Debt Service Account for Outstanding PFC Bonds under Section 6.09 and for Outstanding CFC Bonds under Section 6.10, an amount sufficient to restore the balance in such subaccount to the Reserve Requirement for such Outstanding PFC Bonds or CFC Bonds, as appropriate; provided, however, that if such balance is insufficient to satisfy all such credits, then such balance shall be apportioned ratably to each such subaccount in proportion to the Reserve Requirement for each series of Outstanding PFC Bonds or CFC Bonds, as appropriate. If on any Allocation Date, after the foregoing allocations are made, the balance in the Debt Service Reserve Account is less than the Reserve Requirement, from the balance on hand in the Revenue Account after the required credits to the Maintenance and Operating Account and the Debt Service Account, there shall be credited to the Debt Service Reserve Account for deposit in the appropriate subaccounts therein an amount

sufficient to restore the balance on hand in each of the subaccounts in the Debt Service Reserve Account to the Reserve Requirement for Bonds of the series secured thereby; provided, however, that if such balance is insufficient to satisfy all such credits, then such balance shall be apportioned ratably to each such subaccount in which a deficiency then exists in proportion to the Reserve Requirements for each series of Outstanding Bonds.

If within two Business Days prior to any Interest Payment Date, Principal Payment Date or Redemption Date the balance on hand in a subaccount in the Debt Service Account relating to a series of Bonds is less than the sum required to pay all principal, premium, and interest then due and payable on the Bonds of the series payable therefrom, the City forthwith shall transfer to such subaccount from the Debt Service Reserve Account an amount equal to such deficiency. If such transfer is made, the City shall transfer to the Debt Service Reserve Account an amount equal to the deficiency from funds on hand in the Airport Fund.

If the City issues any Additional Bonds secured by the Debt Service Reserve Account, the City shall from the proceeds of such Additional Bonds or other available funds deposit an amount in the subaccount in the Debt Service Reserve Account relating to such Additional Bonds equal to the Reserve Requirement for such Additional Bonds, simultaneously with the issuance of the Additional Bonds.

Money in the Debt Service Reserve Account shall be used only to pay when due principal of, premium, if any, and interest on Bonds when the balance on hand in the Debt Service Account is insufficient therefor or to pay or defease Bonds as provided in Section 6.06 or Section 10. If at any time (including, but not limited to, any Interest Payment Date, any Principal Payment Date and any Redemption Date), the balance in the Debt Service Reserve Account exceeds the Reserve Requirement, the City shall transfer such excess to the Debt Service Account.

If the audited financial statements for two consecutive Fiscal Years indicate that the City has complied with the Rate Covenant, amounts on deposit in the 2020A Debt Service Reserve Subaccount of the Debt Service Reserve Account and the 2020B Debt Service Reserve Subaccount of the Debt Service Reserve Account shall be transferred to the Debt Service Account and used to redeem, on the earliest possible call date, principal of the Series 2020A Bonds and Series 2020B Bonds, respectively, pursuant to Section 3.04 or shall be otherwise applied in accordance with instructions from the City Finance Director, in consultation with Bond Counsel. Thereafter the City shall not have any further obligation to maintain any balance in such accounts and the Series 2020A Bonds and the Series 2020B Bonds shall no longer be secured by the Debt Service Reserve Account.

6.08. Subordinate Obligations Account. On and as of each Allocation Date there shall be credited to the Subordinate Obligations Account, from the balance then on hand in the Revenue Account, after the required credits to the Maintenance and Operating Account, the Debt Service Account and the Debt Service Reserve Account such amount as may be required to pay Subordinate Obligations, including reasonable

reserves therefor, as provided by any Supplemental Resolution or other instrument. Money on hand in the Subordinate Obligations Account shall be transferred to the Maintenance and Operating Account, the Debt Service Account or the Debt Service Reserve Account if at any time the balance on hand in any such accounts, after any transfer elsewhere authorized is not sufficient to pay all costs payable therefrom.

6.09. Passenger Facility Charge Account. Subject to the last sentence of this Section, all Passenger Facility Charges shall be credited as received into the Passenger Facility Charge Account. On each Allocation Date, so long as any PFC Bonds are Outstanding, the balance on hand in the Passenger Facility Charge Account shall be allocated to the Debt Service Account, the Debt Service Reserve Account and the Passenger Facility Charge Subaccount in the Capital Account as provided in Sections 6.06, 6.07 and 6.11. If PFC Bonds are not Outstanding, Passenger Facility Charges shall be credited as received directly to the Passenger Facility Charge Subaccount.

6.10. Customer Facility Charge Account. Subject to the last sentence of this Section, all Customer Facility Charges shall be credited as received into the Customer Facility Charge Account. On each Allocation Date, so long as any CFC Bonds are Outstanding, the balance on hand in the Customer Facility Charge Account shall be allocated to the Debt Service Account, the Debt Service Reserve Account and the Customer Facility Charge Subaccount in the Capital Account as provided in Sections 6.06, 6.07, and 6.11. If CFC Bonds are not Outstanding, Customer Facility Charges shall be credited as received directly to the Customer Facility Charge Subaccount.

6.11. Capital Account. The Capital Account shall be divided into three subaccounts: a General Subaccount, a Passenger Facility Charge Subaccount, and a Customer Facility Charge Subaccount.

(i) General Subaccount. On each Allocation Date there shall be credited to the General Subaccount in the Capital Account from amounts remaining in the Revenue Account after the required credits to the Maintenance and Operating Account, Debt Service Account and the Debt Service Reserve Account and any credits to the Subordinate Obligations Account an amount necessary or appropriate to fund budgeted capital improvements for the Airport for the then-current Fiscal Year.

(ii) Passenger Facility Charge Subaccount. On each Allocation Date there shall be credited to the Passenger Facility Charge Subaccount in the Capital Account the balance on hand in the Passenger Facility Charge Account, after the required credits to the Debt Service Account and Debt Service Reserve Account. Moneys on hand in the Passenger Facility Charge Subaccount may be used to redeem PFC Bonds and to pay principal of and interest on Outstanding PFC Bonds when due thereon to the extent of a deficiency in the Debt Service Account and as required in Section 6.06 or to reimburse the City for or pay any eligible expenditures or to pay the cost of improvements or additions to the Airport or any other costs or expenses if authorized or not prohibited by the Federal Aviation Administration.

(iii) Customer Facility Charge Subaccount. On each Allocation Date there shall be credited to the Customer Facility Charge Subaccount in the Capital Account the balance on hand in the Customer Facility Charge Account, after the required credits to the Debt Service Account and Debt Service Reserve Account. Moneys on hand in the Customer Facility Charge Subaccount may be used to redeem CFC Bonds and to pay principal of and interest on Outstanding CFC Bonds when due thereon to the extent of a deficiency in the Debt Service Account and as required in Section 6.06 or to reimburse the City for or pay eligible expenditures or to pay the cost of improvements or additions to the Airport or any other costs or expenses as described in or permitted under the Customer Facility Charge Ordinance.

6.12. Rebate Account. A Rebate Account shall be established and maintained as a separate account in the Airport Fund. The City shall make deposits to and disbursements from the Rebate Account or subaccounts therein in accordance with the Rebate Certificate, and shall invest money on hand in the Rebate Account pursuant to the requirements of the Rebate Certificate, and shall deposit income from such investments immediately upon receipt thereof in the Rebate Account.

6.13. Deposit and Investment of Funds. The City Finance Director shall cause all money pertaining to the Airport Fund and the Accounts therein to be deposited as received with one or more depository banks duly qualified in accordance with the provisions of M.C.A., Section 7-6-201, as amended, or applied to other lawful investments allowed under M.C.A., Title 7, Chapter 6, Part 2, as amended, or other applicable State law. The balance in such accounts, except such portion thereof as shall be guaranteed by federal deposit insurance, shall at all times be secured to its full amount by bonds or securities of the types set forth in said Sections 7-6-201 or 7-6-202 or other applicable law. Any such money not necessary for immediate use may be deposited with such depository banks in savings or time deposits; provided, however, that money in any particular account shall not be invested for a period of time beyond when it is required to be available for Airport purposes. Money from time to time on hand in the Airport Fund may at any time be deposited or invested in accounts or securities which are permitted by applicable laws of the State. Income from the deposit or investment of money in any account of the Airport Fund shall credited thereto. Passenger Facility Charges shall be invested as permitted by applicable laws.

Section 7. Covenants.

7.01. General. The City covenants and agrees with the Holders from time to time of all Bonds that the recitals contained in Sections 1.03 and 1.04 are correct; and that until all Bonds are fully discharged as provided in this Resolution, it will continue to hold, maintain and operate the Airport as a public convenience, and will maintain, expend and account for its Airport Fund and the several accounts therein as provided in Section 6, and will not incur a further lien or charge on the Net Revenues of the Airport except upon the conditions and in the manner prescribed in Section 5, and will perform and cause all officers and employees of the City to perform and enforce each and all of the additional covenants and agreements set forth in this Section 7. The City further

covenants that it will operate the Airport in an efficient manner with due regard for the interest of the public and at all times will maintain it in good condition, repair and working order. The City may, in accordance with the Act, at any time create a board upon which the Council may, by City Resolution, confer responsibility, subject to this Resolution, for operation, management, maintenance and improvement of the Airport.

7.02. Competing Service. The City will not establish any other aviation facilities in direct competition with the Airport that would result in a reduction of Net Revenues below the minimum to be maintained as provided in Section 7.09.

7.03. Property Insurance. The City will cause all buildings, properties, fixtures and equipment constituting a part of the Airport to be insured with a reputable insurance carrier or carriers, qualified under the laws of Montana, in such amounts as are ordinarily carried, and against loss or damage by such hazards and risks as are ordinarily insured against, by public bodies owning and operating properties of a similar character and size; provided that if at any time the City is unable to obtain such insurance, it will obtain insurance in such amounts and against such risks as is reasonably obtainable. The proceeds of all such insurance remaining after the payment of the costs and expenses of obtaining such proceeds shall be credited upon receipt to the Construction Account and used in payment of the cost of repairing, restoring or replacing the damaged or destroyed property; provided that, the proceeds of such insurance may, at the discretion of the Council, be applied to effect an extraordinary optional redemption of the Bonds as provided in Section 3.05. If for any reason insurance proceeds are insufficient for the repair, replacement and reconstruction of the insured property and the City has not applied them to an extraordinary optional redemption, the City shall supply the deficiency from amounts on hand in the Capital Account.

7.04. Liability Insurance and Surety Bonds. The City will carry insurance against liability of the City and its employees for damage to persons and property resulting from the operation of the Airport in such amounts as are ordinarily carried, and against loss or damage by such hazards and risks as are ordinarily insured against, by public bodies owning and operating properties of a similar character and size; provided that if at any time the City is unable to obtain such insurance, it will obtain insurance in such amounts and against such risks as is reasonably obtainable. To the extent required by State law, the City will cause all persons handling money and other assets of the Airport Fund to be adequately bonded for the faithful performance of their duties and to account for and pay over such money to the City. All amounts received under such insurance and bonds shall be applied to the payment of the loss or damage covered thereby or may at the discretion of the City be applied to effect an extraordinary optional redemption of the Bonds as provided in Section 3.05. The premiums for all insurance and bonds required by Section 7.03 and this Section 7.04 constitute Maintenance and Operating Expenses, but no liabilities of the City in excess of amounts received under such insurance and bonds shall constitute a lien or charge on revenues or any other assets herein or otherwise pledged to the Airport Fund.

7.05. Annual Budgets. By the end of each July, the Director of Aviation and Transit will cause to be prepared a proposed budget for the ensuing fiscal year (the "Annual Budget"), stating the monthly expenditures required for operation and maintenance during that fiscal year and the payments required to be made into the Debt Service Account and the Debt Service Reserve Account, and the rates, fees, charges and rentals to be paid and the taxes to be levied, if any, and collected during the year. Copies of the Annual Budget adopted and approved by the City Council will be filed with the City Clerk.

7.06. Books and Records. The City will cause proper and adequate books of record and account to be kept showing complete and correct entries of all receipts, disbursements and other transactions relating to the Airport, the Gross Revenues derived from its operation, and the segregation and application of the Gross Revenues, the Passenger Facility Charges and the Customer Facility Charges in accordance with this Resolution, in such reasonable detail as may be determined by the City in accordance with generally accepted accounting principles. It will cause such books to be maintained on the basis of a Fiscal Year. The City shall, within 270 days after the close of each Fiscal Year, cause to be prepared a financial report with respect to the Airport for such Fiscal Year. The report shall be prepared in accordance with applicable generally accepted accounting principles applicable to governmental entities and, in addition to whatever matters may be thought proper by the City Finance Director to be included therein, shall include the following:

(i) A statement detailing the income and expenditures of the Airport for the Fiscal Year, identifying capital expenditures and separating them from Maintenance and Operating Expenses;

(ii) A balance sheet as of the end of the Fiscal Year;

(iii) The balance on hand in each account of the Airport Fund at the end of the Fiscal Year;

(iv) A list of the insurance policies and fidelity bonds in force at the end of the Fiscal Year, setting out as to each the amount thereof, the risks covered thereby, the name of the insurer or surety and the expiration date of the policy or bond; and

(v) A determination that the report shows full compliance by the City with the provisions of the Resolution during the Fiscal Year covered thereby, including proper segregation of the capital expenditures from Maintenance and Operating Expenses, maintenance of the Reserve Requirement in the Debt Service Reserve Account, and receipt of Net Revenues during such Fiscal Year as herein required, or, if the report reveals that the Net Revenues have been insufficient for compliance with this Resolution, or that the methods used in accounting for such revenues were contrary to any provision of this Resolution, the report shall include a full explanation thereof, together with recommendations

for such change in rates or accounting practices or in the operation of the Airport as may be required.

The City shall also have prepared, within 270 days after the close of each Fiscal Year, an audit report prepared by an Independent Accountant in accordance with generally accepted accounting principles and practice with respect to the financial statements and records of the Airport. The City shall make the audit report available to the Holders of the Bonds upon request.

7.07. Cost of Insurance and Accounting. The insurance and fidelity bond premiums and the cost of the bookkeeping and audits herein provided for and of the billings and collection of the Gross Revenues shall be payable from the Maintenance and Operating Account.

7.08. Handling of Funds. The employees of the City, under the direction and control of the Director of Aviation and Transit, shall keep books of account and collect the rates, fees, charges and rentals for the services and facilities provided by the Airport and for other money currently receivable on account thereof. All money collected with respect to the Airport shall be deposited as directed by the City Finance Director in accordance with the provisions of the Resolution. The City Finance Director and Director of Aviation and Transit shall be bonded at all times with a surety company authorized to do business in Montana, in an amount determined by the Council, to assure the faithful carrying out of their duties. The cost of such fidelity bond or a reasonably allocated share of the costs of any blanket fidelity bond relating to moneys relating to the Airport shall be considered a Maintenance and Operating Expense.

7.09. Rate Covenant.

(a) The City covenants and agrees that it will at all times fix, impose, charge and collect such rates, fees, charges and rentals for the services, privileges, and facilities provided and made available by the Airport and shall revise the same whenever and as often as may be necessary, so as to produce in each Fiscal Year (i) in respect of Outstanding Bonds, Net Revenues, (ii) in addition in respect of only Outstanding PFC Bonds, Passenger Facility Charges, and (iii) in addition in respect of only Outstanding CFC Bonds, Customer Facility Charges, equal in the aggregate to at least 125% of the Debt Service Requirements of such Bonds for such Fiscal Year (the "Rate Covenant"). For purposes of satisfying the Rate Covenant, the City may take Passenger Facility Charges and Customer Facility Charges into consideration only in the event there are then Outstanding PFC Bonds or Outstanding CFC Bonds, respectively, and the amount of the Passenger Facility Charges or Customer Facility Charges to be taken into consideration is limited to 125% of the Debt Service Requirements for such Fiscal Year of the PFC Bonds or CFC Bonds, respectively.

(b) If the City enters into use agreements with airlines or other private entities, the City covenants it will at all times enforce the provisions thereof and shall at all times enforce its rates and charges and promptly collect the amount payable thereunder and,

in the event payment is not made, will take all reasonable and proper steps to enforce collection thereof, including the filing of liens.

(c) If the audited financial statements for any Fiscal Year indicate that the City has not complied with the Rate Covenant, then the City shall either (i) promptly undertake, on its own behalf, a review of the reasons for the failure to comply with the Rate Covenant and make such revisions to its rates, fees, charges and rentals for the services, privileges, and facilities provided and made available by the Airport or methods of operations as it deems necessary to comply with the Rate Covenant and, within ninety (90) days after receipt of the audited financial statements, file a certificate with the Airport Director stating that the revised schedule of rates, rentals and other charges, or changes in methods of operation then in effect are projected to comply with the Rate Covenant; or (ii) within fifteen (15) days after the receipt of the audited financial statements for such Fiscal Year, employ an Airport Consultant to review and analyze the financial status, administration and operations of the Airport and to submit to the City, within ninety (90) days thereafter, a written report on the same, including the action which the Airport Consultant recommends should be taken by the City with respect to the revision of its rates, fees, charges and rental and the alteration of its methods of operation or the taking of other action that is projected to produce the Net Revenues required by the Rate Covenant in the immediately following twelve (12) month period. Promptly upon its receipt of the recommendations, the City shall, after giving due consideration to the recommendations, revise its rates, fees, charges and rentals and alter its methods of operation, which revisions or alterations need not comply with the Airport Consultant's recommendations, but which are projected to comply with the Rate Covenant.

7.10. Compliance with PFC Regulations. The City shall comply with all regulations, policies and requirements imposed by the Federal Aviation Administration pertaining to Passenger Facility Charges.

Section 8. Defaults and Remedies. No Holder of any Bond shall have the right to institute any proceeding, judicial or otherwise, for the enforcement of the covenants herein contained, except as provided in this Section 8. The Holders of not less than 25% in principal amount of the Outstanding Bonds shall have the right, either at law or in equity, through suit, action or other proceedings, to protect and enforce the rights of all Holders of such Bonds and to compel the performance of any and all of the covenants required herein to be performed by the City, and its officers and employees. The Holders of a majority in principal amount of Outstanding Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Holders or the exercise of any power conferred on them and the right to waive a default in the performance of any such covenant, and its consequences, except a default in the payment of the principal of or interest on any Bond when due. Nothing herein, however, shall impair the absolute and unconditional right of the Holder of each Bond to receive payment of the principal of, premium, if any, and interest on such Bond as such principal, premium and interest respectively become due, and to institute suit for any such payment. Any court having jurisdiction of the action may appoint a receiver to administer the Airport Fund and collect rates, fees and charges, and to apply the Gross Revenues in conformity with the Resolution and the laws of the State.

Notwithstanding anything herein to the contrary, the Bonds are not subject to acceleration under any circumstances or for any reason, including without limitation the occurrence and continuance of an event of default under the Resolution. Moreover, the Bonds will not be subject to mandatory redemption or mandatory purchase or tender for purchase upon the occurrence and continuance of an event of default under the Resolution to the extent the redemption or purchase price is payable from Net Revenues.

Section 9. Supplemental Resolutions.

9.01. Without Holder Consent. Notwithstanding Section 9.02 hereof, the City reserves the right to adopt Supplemental Resolutions from time to time and at any time, for the purpose of curing any ambiguity or eliminate any inconsistency herein or of curing, correcting or supplementing any defective provision contained herein, or of making such provisions with regard to matters or questions arising hereunder as the City may deem necessary or desirable and not inconsistent with the Resolution, and which shall not adversely affect the interests of the Holders of Outstanding Bonds, or for the purpose of adding to the covenants and agreements herein contained, other covenants and agreements thereafter to be observed and additional revenues or income thereafter appropriated to the Airport Fund, or for the purpose of surrendering any right or power herein reserved to or conferred upon the City, or for the purpose of preserving the tax-exempt status of any Bonds, or for the purpose of authorizing the creation and issuance of a series of Additional Bonds or authorizing Subordinate Obligations or Notes, as provided in and subject to the conditions and requirements of Section 5 hereof. Any such Supplemental Resolution may be adopted, without notice to or the consent of the Holder of any of the Bonds, Subordinate Obligations or Notes issued hereunder. Without limitation of the meaning or scope of the foregoing

sentence, the City reserves the right to issue Additional Bonds payable from or secured in whole or in part by a limited tax levy pursuant to Sections 67-10-402 and 67-11-302, M.C.A., or any successor or amendatory statutes, or a deficiency tax levy pursuant to Section 67-11-303, M.C.A., or any successor or amendatory statutes, without the consent of the Holder of any Bonds issued hereunder.

9.02. With Consent of Holders. With the consent of the Holders of a majority in aggregate principal amount of the Outstanding Bonds as provided in Section 9.04, the City may from time to time and at any time adopt a Supplemental Resolution for the purpose of amending the Resolution by adding any provisions hereto or changing in any manner or eliminating any of the provisions of this Resolution or of any Supplemental Resolution, except that no Supplemental Resolution shall be adopted at any time without the consent of the Holders of all Bonds then Outstanding, if it would extend the time of payment of interest thereon, would reduce the amount of the principal thereof, would give to any Bond or Bonds any privileges over any other Bond or Bonds, would reduce the sources of revenues or income appropriated to the Airport Fund, or would reduce the percentage in principal amount of such Bonds required to authorize or consent to any such Supplemental Resolution.

9.03. Notice. Notice of a Supplemental Resolution to be adopted pursuant to Section 9.02 shall be mailed by the City, by first-class mail, postage prepaid, to the Registrar, to the Holders of all Bonds at their addresses appearing in the Bond Register, and shall become effective only upon the filing with the City Clerk of written consents, signed by the Holders of not less than a majority in principal amount of the Bonds then Outstanding. Any written consent to the Supplemental Resolution may be embodied in and evidenced by one or any number of concurrent written instruments of substantially similar tenor signed by Holders in person or by agents duly appointed in writing, and shall become effective when delivered to the City Clerk. Any consent by the Holder of any Bond shall bind that Holder and every future Holder of the same Bond with respect to any Supplemental Resolution adopted by the City pursuant to such consent, provided that any Holder may revoke his consent with reference to any Bond by written notice received by the City Clerk before the Supplemental Resolution has become effective. In the event that unrevoked consents of the Holders of the required amount of Bonds have not been received by the City Clerk within one year after the mailing of notice of the Supplemental Resolution, the Supplemental Resolution and all consents theretofore received shall be of no further force and effect.

9.04. Manner of Consent. Proof of the execution of any consent, or of a writing appointing any agent to execute the same, or of the ownership by any Person of Bonds, shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the City if made in the manner provided in this Section. The fact and date of the execution by any Person of any such consent or appointment may be proved by the affidavit of a witness of such execution or by the certification of any notary public or other officer authorized by law to take acknowledgment of deeds, certifying that the Person signing it acknowledged to him the execution thereof. The fact and date of execution of any such consent may also be proved in any other manner which the City

may deem sufficient; but the City may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. The ownership of Bonds shall be proved by the Bond Register.

Section 10. Defeasance.

10.01. General. When the liability of the City on any Bond and all interest thereon has been discharged as provided in this Section 10, such Bond shall no longer be deemed Outstanding and all pledges, covenants and other rights granted by this Resolution to the Holders of such Bond shall cease (except as to rights hereunder of Holders to receive payments of principal of and interest on the Bonds, as beneficiaries hereof with respect to the amounts, if any, deposited with the Registrar).

10.02. At Maturity. The City may discharge its liability with reference to any Bond and interest thereon by depositing with the Registrar for such Bonds on or before the Stated Maturity of such Bond a sum sufficient for the payment thereof in full; or if any Bond or interest thereon shall not be paid when due, the City may nevertheless discharge its liability with reference thereto by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such payment.

10.03. Upon Redemption. The City may also discharge its liability with reference to any Bonds which are called for redemption on any date in accordance with their terms, by depositing with the Registrar on or before that date an amount equal to the principal, interest and redemption premium, if any, which are then due thereon, provided that notice of such redemption has been duly given as provided in this Resolution.

10.04. Escrow. The City may also at any time discharge its liability in its entirety with reference to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in an escrow, with a bank qualified by law as an escrow agent for this purpose, cash or Government Obligations authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without reinvestment, to provide funds sufficient to pay all principal, interest and redemption premiums, if any, to become due on such Bonds at their Stated Maturities or, if such Bonds are subject to redemption and notice of redemption thereof has been given or irrevocably provided for, to such earlier Redemption Date.

Section 11. Tax Matters.

11.01. Series 2020A General Covenant. The City covenants and agrees with the Holders from time to time of the Series 2020A Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Series 2020A Bonds to become includable in gross income for federal income tax purposes under the Code and applicable Treasury Regulations (the "Regulations"), and covenants to take any and all actions within its powers to ensure that the interest on the Series 2020A Bonds will not become includable in gross income

for federal income tax purposes under the Code and the Regulations. In particular, the City covenants and represents as follows:

(i) the Series 2020A Bonds are being issued as "exempt facility bonds" pursuant to Section 142(a)(1) of the Code, the facilities being financed by the Series 2020A Bonds are owned by the City within the meaning of Section 142(b) of the Code, and 95% or more of the net proceeds of the Series 2020A Bonds will be used to provide or refinance airport facilities owned by the City;

(ii) the City was not required to obtain a volume allocation for the Series 2010A Bonds pursuant to Section 146(g) of the Code;

(iii) the estimated useful life of the airport facilities financed by the Series 2020A Bonds is not less than 25 years;

(iv) less than 25% of the net proceeds of the Series 2020A Bonds will be spent for the acquisition of land or an interest therein (except as otherwise permitted by Section 147(c)(3) of the Code) and no portion will be used for the acquisition of land to be used for farming purposes;

(v) no portion of the proceeds of the Series 2020A Bonds will be used to provide any of the facilities described in Section 142(c)(2) or Section 147(e) of the Code;

(vi) the public approval requirements of Section 147(f) of the Code, relating to the Terminal Expansion Project, have been satisfied with respect to the Series 2020A Bonds; and

(vii) as required by Section 147(g) of the Code, no more than 2% of the proceeds of the Series 2020A Bonds will be used to finance issuance costs of the Series 2020A Bonds.

11.02. Series 2020B General Covenant. The City covenants and agrees with the Holders from time to time of the Series 2020B Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Series 2020B Bonds to become includable in gross income for federal income tax purposes under the Code and applicable Regulations, and covenants to take any and all actions within its powers to ensure that the interest on the Series 2020B Bonds will not become includable in gross income for federal income tax purposes under the Code and the Regulations. In particular, the City covenants and represents as follows:

(i) the Series 2010B Bonds were issued as "recovery zone facility bonds" pursuant to former Section 1400U-3 of the Code, 95% or more of the net proceeds of the Series 2010B Bonds were used for "recovery zone property" within the meaning of former Section 1400U-3(c) of the Code, and substantially all of the use of such property refinanced by the Series 2020B Bonds has been

and will continue to be in the active conduct of a qualified business by the City in the recovery zone within the meaning of former Section 1400U-3(c) of the Code;

(ii) the City was not required to obtain a volume allocation for the Series 2010B Bonds pursuant to former Section 1400U-3(d) of the Code;

(iii) the original estimated useful life of the facilities refinanced by the Series 2020B Bonds was not less than 40 years;

(iv) less than 25% of the net proceeds of the Series 2010B Bonds was spent for the acquisition of land or an interest therein (except as otherwise permitted by Section 147(c)(3) of the Code) and no portion was used for the acquisition of land to be used for farming purposes;

(v) no portion of the proceeds of the Series 2010B Bonds or Series 2020B Bonds has been or will be used to provide any of the facilities described in Section 147(e) of the Code;

(vi) the public approval requirements of Section 147(f) of the Code have been satisfied with respect to the Series 2020B Bonds; and

(vii) as required by Section 147(g) of the Code, no more than 2% of the proceeds of the Series 2020B Bonds will be used to finance issuance costs of the Series 2020B Bonds.

11.03. Arbitrage Certification. The Mayor, the City Finance Director and the City Clerk, being the officers of the City charged with the responsibility for issuing the Series 2020 Bonds pursuant to this Resolution, are authorized and directed to execute and deliver a certificate in accordance with the provisions of Section 148 of the Code, and Section 1.148-2(b) of the Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Series 2020 Bonds, it is reasonably expected that the proceeds of the Series 2020 Bonds will be used in a manner that would not cause the Series 2020 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations.

11.04. Arbitrage Rebate. The City acknowledges that the Series 2020 Bonds are subject to the rebate requirements of Section 148(f) of the Code. The City covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under said Section 148(f) and applicable Regulations to preserve the exclusion of interest on the Series 2020 Bonds from gross income for federal income tax purposes. In furtherance of the foregoing, the City Finance Director is hereby authorized and directed to execute a Rebate Certificate, substantially in the form of the Rebate Certificate currently on file in the office of the City Clerk, and the City hereby covenants and agrees to observe and perform the covenants and agreements contained therein, unless amended or terminated in accordance with the provisions thereof.

11.05. Information Reporting. The City shall file with the Secretary of the Treasury, not later than November 15, 2020, a statement concerning the Series 2020 Bonds containing the information required by Section 149(e) of the Code.

11.06. Lease of Facilities Financed with Proceeds of Series 2020A Bonds. The City covenants and agrees that it will not enter into a lease or operating agreement relating to the Airport facilities constituting or comprising those portions of the Terminal Expansion Project financed by the proceeds of the Series 2020A Bonds unless (i) the lease or operating agreement or other document contains provisions to the effect that the lessee or operator makes an irrevocable election (binding on the lessee or operator and all successors in interest under the agreement) not to claim depreciation or an investment credit with respect to the leased property or premises, and (ii) the lease or agreement term is not more than 80 percent of the reasonably expected economic life of such property or premises as determined under the Code, and the lessee or operator has no option to purchase such property or premises other than at fair market value (as of the time such option is exercised).

Section 12. Transcript Certification. The officers of the City are directed to furnish to Bond Counsel and the Original Purchaser of the Series 2020 Bonds certified copies of all proceedings and information in their official records relevant to the authorization, sale, execution and issuance of the Series 2020 Bonds, and such certificates and affidavits as to other matters appearing in their official records or otherwise known to them as may be reasonably required to evidence the validity and security of the Series 2020 Bonds, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations and recitals of the City as to the correctness of all facts stated therein and the completion of all proceedings stated therein to have been taken.

Section 13. Miscellaneous.

13.01. Effective Date. This Resolution shall become effective upon its passage and all provisions of ordinances, resolutions and other actions and proceedings of the City which are in any way inconsistent with the terms and provisions of this Resolution are repealed, amended and rescinded to the full extent necessary to give full force and effect to the provisions of this Resolution.

13.02. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be observed or performed by the City shall be contrary to law, then such agreement or agreements, such covenant or covenants, or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements or the covenants or portions thereof and shall in no way affect the validity hereof or of the Bonds; and the Holders shall retain all rights and benefits accorded them under any applicable provisions of law.

13.03. Benefits of Resolution Limited to Parties. Nothing contained herein, express or implied, is intended to give any Person other than the City and the Holders any right, remedy, or claim under or by reason hereof. Any agreement, promise or

covenant contained or required herein to be made or performed by or on behalf of the City or any officer or employee thereof shall be for the sole and exclusive benefit of the City and the Holders.

PASSED AND ADOPTED by the City Council of the City of Billings, Montana,
this 13th day of July, 2020.



City of Billings

BY: William A. Cole
William A. Cole, Mayor

Attest: Denise R. Bohlman
Denise R. Bohlman, City Clerk

(SEAL)

EXHIBIT A

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF YELLOWSTONE

CITY OF BILLINGS

AIRPORT REVENUE BONDS
(PASSENGER FACILITY CHARGE SUPPORTED)
SERIES 2020A

THIS BOND MAY NOT BE OFFERED OR SOLD BY THE ORIGINAL PURCHASER HEREOF PRIOR TO THE FINAL ADVANCE OF PRINCIPAL HEREUNDER IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE DISBURSEMENT AGREEMENT BETWEEN THE CITY OF BILLINGS, MONTANA AND FIRST INTERSTATE BANK AS SET FORTH HEREIN.

No. _____ \$30,000,000

<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Date of Original Issue</u>
Prevailing Interest Rate	July 1, 2044	July 20, 2020

REGISTERED HOLDER: FIRST INTERSTATE BANK

PRINCIPAL AMOUNT: THIRTY MILLION DOLLARS AND NO/100

FOR VALUE RECEIVED, THE CITY OF BILINGS, MONTANA (the "City"), a duly organized municipal corporation and political subdivision of the State of Montana, acknowledges itself to be specially indebted and hereby promises to pay to the registered holder identified above or registered assigns, solely from the Net Revenues and the Passenger Facility Charges of the Airport deposited in the Debt Service Account of its Airport Fund, the principal amount specified above, or such lesser amount as shall be advanced hereunder and pursuant to the Disbursement Agreement, dated the Date of Original Issue specified above, between the City and First Interstate Bank (the "Disbursement Agreement"), and as shall be set forth on the Schedule of Advances attached as *Schedule 1* hereto. This Series 2020A Bond bears interest on the Outstanding principal amount advanced from the date of each advance, or from such later date to which interest has been paid or duly provided for, until paid or discharged at the Prevailing Interest Rate, giving effect to the change in such rate on the First Reset Date

and on the Second Reset Date. Interest on the Series 2020A Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

From and after the Date of Original Issue specified above, this Series 2020A Bond shall be payable as follows:

- (a) on January 1 and July 1 of each year, commencing January 1, 2021, accrued and unpaid interest on the Outstanding principal amount, from the date of each advance, or from such later date to which interest has been paid or duly provided for;
- (b) on July 1 of each year, commencing July 1, 2024, installments of principal sufficient to fully amortize the Outstanding principal balance by July 1, 2044; and
- (c) on July 1, 2044, all of the remaining Outstanding principal balance plus accrued interest thereon shall be immediately due and payable.

As used herein, the following terms shall have the following meanings:

"Prevailing Interest Rate" means the interest rate on the Outstanding principal amount of the Series 2020A Bonds which shall be as follows: (i) from the Date of Original Issue until the day immediately preceding the First Reset Date the Prevailing Interest Rate, 2.65% per annum; (ii) from the First Reset Date until the day immediately preceding the Second Reset Date the Prevailing Interest Rate, 4.17% per annum; and (iii) from the Second Reset Date until the Final Maturity Date the Prevailing Interest Rate, a rate equal to the FHLB Rate on such Second Reset Date plus 250 basis points; provided, however, that the Prevailing Interest Rate on this Series 2020A Bond shall never be less than 3.60%.

"FHLB Rate" means the weekly average of the Federal Home Loan Bank of Des Moines 10-Year Fixed Rate Advance published or posted 60 days prior to the Second Reset Date.

"Federal Home Loan Bank of Des Moines 10-Year Fixed Rate Advance" means the rate by that name as posted daily on the Federal Home Loan Bank of Des Moines website or as otherwise posted or published by the Federal Home Loan Bank of Des Moines. In the event that the Federal Home Loan Bank of Des Moines 10-Year Fixed Rate Advance cannot be ascertained by the Holder due to changes in reports, publications, market conditions or regulatory requirements, then the Holder shall select a substitute rate or index that is reasonably equivalent to the Federal Home Loan Bank of Des Moines 10-Year Fixed Rate Advance.

"First Reset Date" means January 20, 2024.

"Second Reset Date" means January 20, 2034.

Promptly following January 20, 2024, the Original Purchaser shall provide to the City a debt service schedule for this Series 2020A Bond (the "Debt Service Schedule"),

reflecting substantially equal installments of principal and interest in accordance the second paragraph of this Series 2020A Bond sufficient to amortize the Outstanding principal of this Series 2020A Bond by the Final Maturity Date specified above. The Original Purchaser shall attach the Debt Service Schedule, and any amendments thereto as provided below, as *Schedule 2* to this Series 2020A Bond. The amounts set forth in the Debt Service Schedule shall be revised upon a change in the Prevailing Interest Rate following the First Reset Date and on the Second Reset Date and upon each partial redemption of this Series 2020A Bond in an amount at any one time equal to or greater than \$1,000,000 in order to reflect substantially equal installments of principal and interest in accordance with the second paragraph of this Series 2020A Bond sufficient to amortize the Outstanding principal of this Series 2020A Bond by the Final Maturity Date specified above.

Interest on this Series 2020A Bond shall be payable to the Holder hereof as of the close of business on the 15th day of the month immediately preceding each Interest Payment Date, whether or not such day is a Business Day. Principal and interest shall be payable by check or draft of the Registrar mailed to the Holder as such appears in the Bond Register or by wire transfer of immediately available funds to the account specified by the Holder; *provided* that the final installment of principal (whether at the Final Maturity Date specified above or earlier redemption) shall be paid only upon presentation and surrender of this Series 2020A Bond at the principal office of the City of Billings, Montana, as bond registrar, transfer agent and paying agent (the "Registrar"), or duly appointed successor. The Registrar shall note in the Bond Register each principal payment on this Series 2020A Bond. The principal of and interest on this Series 2020A Bond are payable in lawful money of the United States of America.

This Series 2020A Bond is one of a duly authorized issue of Bonds of the City designated as "Airport Revenue Bonds (Passenger Facility Charge Supported, Series 2020A" (the "Series 2020A Bonds") issued and to be issued under Resolution No. [____], adopted by the City Council on July 13, 2020 (the "Resolution"), to which Resolution (copies of which are on file with the City) reference is hereby made for a description of the nature and extent of the security, the respective rights thereunder of the registered owners of the Series 2020A Bonds and the City and the terms and conditions upon which this Series 2020A Bond is issued and delivered. Capitalized terms used herein but not otherwise defined shall have the respective meanings given such terms in the Resolution. The Series 2020A Bonds are issued by the City for the purpose of financing eligible costs of the Terminal Expansion Project, funding a deposit to the 2020A Debt Service Reserve Subaccount of the Debt Service Reserve Account and paying costs of issuance of the Series 2020A Bonds.

The Series 2020A Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Montana, particularly Montana Code Annotated, Title 67, Chapter 11, Parts 3 and 4, as amended (the "Act"), and the home rule charter of the City, and pursuant to the Resolution. The Series 2020A Bonds and the interest thereon are special, limited obligations of the City and are payable solely from the Net Revenues of the Airport on a parity with the City's Airport Revenue Refunding Bonds (Customer

Facility Charge Supported), Series 2020B (the "Series 2020B Bonds") and any Additional Bonds. The Series 2020A Bonds are also payable from Passenger Facility Charges of the Airport, as defined in the Resolution and which by the Resolution are pledged to the 2020A Debt Service Subaccount in the Debt Service Account of the Airport Fund on a parity with any Additional Bonds that are PFC Bonds, as defined in the Resolution. The Series 2020A Bonds are not payable from or secured by Customer Facility Charges of the Airport, and Net Revenues do not include Customer Facility Charges of the Airport. The Series 2020A Bonds are not general obligations of the City and the City's general credit and taxing powers are not pledged to the payment of the Series 2020A Bonds or the premium, if any, or interest thereon. The Series 2020A Bonds do not constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provisions.

The Series 2020A Bonds shall be subject to redemption at any time, at the option of the City, in whole or in part, at a Redemption Price equal to the principal amount thereof to be redeemed plus interest to, but excluding, the Redemption Date, without premium; *provided, however*, that if the Series 2020A Bonds are redeemed with proceeds of refunding bonds or other debt obligations of the City during the periods below, the Series 2020A Bonds shall be subject to a prepayment penalty on the principal amount so redeemed equal to the following:

<u>Redemption Date</u>	<u>Prepayment Premium (% of Outstanding Principal Amount to be prepaid)</u>
On and before January 20, 2024	0%
From January 21, 2024 to and including January 20, 2028	5%
From January 21, 2028 to and including January 20, 2031	4%
From January 21, 2031 to and including January 20, 2034	3%
On and after January 21, 2034	0%

The Bonds, including the Series 2020A Bonds, are subject to redemption prior to maturity by the City, to the extent of available Net Proceeds of insurance or condemnation award, in the event: (a) the Airport or any portion thereof is damaged, destroyed or condemned; (b) the Net Proceeds of insurance or condemnation received in connection therewith exceed the greater of (i) three percent of property, plant and equipment assets of the Airport or (ii) \$500,000; and (c) the City elects to have all or any part of such Net Proceeds applied to the prepayment of the Bonds. If called for redemption in any such event, the Bonds shall be subject to redemption in whole at any time, or in part on any interest payment date, and if in part, from such series and by maturities designated by the City

(and, if less than all of a maturity is being redeemed, by lot or other manner deemed fair by the Registrar within a maturity) at a redemption price equal to the principal amount thereof plus accrued interest to, but excluding, the Redemption Date, without premium.

The Redemption Date and the principal amount of the Series 2020A Bonds to be redeemed shall be fixed by the City Finance Director who shall give notice thereof to the Registrar at least 35 days prior to the Redemption Date or such lesser period as the Registrar accepts. The Registrar, at least 30 days prior to the designated Redemption Date, shall cause notice of redemption to be mailed, by first class mail, to the Holders of each Series 2020A Bond to be redeemed at their addresses as they appear on the Bond Register, but no defect in or failure to give such mailed notice shall affect the validity of proceedings for the redemption of any Series 2020A Bond not affected by such defect or failure. The notice of redemption shall specify the series, Redemption Date, Redemption Price, the numbers, interest rates and Stated Maturities of the Series 2020A Bonds or portions thereof to be redeemed, and the place at which the Series 2020A Bonds are to be surrendered for payment, which is the principal office of the Registrar. In addition, any notice of redemption may, at the City's discretion, be subject to one or more conditions precedent. Official notice of redemption having been given as aforesaid, the Series 2020A Bonds or portions thereof so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date (unless the City shall default in the payment of the Redemption Price) such Series 2020A Bonds or portions thereof shall cease to bear interest. So long as all of this Series 2020A Bond is held by a single Holder, upon partial redemption there shall be no need to exchange the unredeemed portion of this Series 2020A Bond for a new Series 2020A Bond. If this Series 2020A Bond is redeemed in part in an amount at any one time less than \$1,000,000, such prepayment shall be applied to this Series 2020A Bond in inverse order of principal payments.

This Series 2020A Bond is a negotiable investment security as provided in the Montana Uniform Commercial Code. As provided in the Resolution and subject to certain limitations set forth therein, this Series 2020A Bond is transferable upon the books of the City at the principal office of the Registrar, by the registered holder hereof in person or by his attorney duly authorized in writing and guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar; and may also be surrendered in exchange for Series 2020A Bonds of other authorized denominations. Upon such transfer or exchange, the City will cause a new Series 2020A Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, as applicable, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Registrar may deem and treat the person in whose name this Series 2020A Bond is registered as the absolute owner hereof, whether this Series 2020A Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the City will prescribe and collect rates, fees and charges for all privileges and facilities afforded by the Airport, including all additions thereto and replacements and improvements thereof, and has created a special Airport Fund into which the Gross Revenues (which have the particular meaning prescribed by the Resolution) of the Airport will be paid, and a separate and special 2020A Debt Service Subaccount in the Debt Service Account of the Airport Fund, into which will be paid monthly, from and as a first and prior lien on the Net Revenues (Gross Revenues less Operating Expenses) and (as to certain PFC Bonds, including the Series 2020A Bonds) from the Passenger Facility Charges (all as defined in the Resolution) then on hand an amount not less than one-sixth of the interest due and payable on all Outstanding Bonds within the next six months and one-twelfth of the principal on all Outstanding Bonds due and payable within the next twelve months, equally and ratably with respect to deposits to be made in respect of other Bonds and other PFC Bonds, respectively; that on the Original Date of Issuance will credit to the 2020A Debt Service Reserve Subaccount of the Debt Service Reserve Account in the Airport Fund, from funds on hand and available therefor, the sum of \$2,000,000 in satisfaction of the Reserve Requirement in respect to the Series 2020A Bonds; that the City has agreed thereafter to credit to the 2020A Debt Service Reserve Subaccount in the Debt Service Reserve Account from the Net Revenues and Passenger Facility Charges remaining after credits to the Debt Service Account, amounts necessary to maintain the amount in the Debt Service Reserve Account at the Reserve Requirement; that the Debt Service Account and Debt Service Reserve Account will be used only to pay the principal and interest on Bonds secured thereby; that the Series 2020A Bonds shall be secured by the 2020A Debt Service Reserve Subaccount of the Debt Service Reserve Account until the Reserve Requirement with respect to the Series 2020A Bonds is released pursuant to Section 6.07 of the Resolution; that the rates, fees, rentals and charges for the Airport will from time to time be made and kept sufficient to produce in each Fiscal Year (i) in respect of Outstanding Bonds, Net Revenues, (ii) in addition in respect of only Outstanding PFC Bonds, Passenger Facility Charges, and (iii) in addition in respect of only Outstanding CFC Bonds, Customer Facility Charges, equal in the aggregate to at least 125% of the Debt Service Requirements of such Bonds for such Fiscal Year; that the City may issue Subordinate Obligations and Notes to the extent described in the Resolution; that the City has also agreed to pay promptly the reasonable and current expenses of operating and maintaining the Airport, and to provide reserves for such operation and maintenance of the Airport; that Additional Bonds may be issued and made payable from the Airport Fund on a parity as to Net Revenues with the Series 2020A Bonds and, if such Additional Bonds are PFC Bonds, on a parity as to Passenger Facility Charges with the Series 2020A Bonds, only upon satisfaction of certain conditions set forth in the Resolution; that the City may issue Additional Bonds that are PFC Bonds or CFC Bonds that are payable from Passenger Facility Charges and Customer Facility Charges, respectively, in addition to Net Revenues; that all provisions for the security of the owner of this Series 2020A Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the home rule charter and the ordinances and resolutions of the City to be done, to exist, to happen and to be performed in order to make this Series 2020A Bond a valid and binding special obligation of the City

according to its terms have been done, do exist, have happened and have been performed as so required; and that the principal and interest due on this Series 2020A Bond are payable solely from the Net Revenues and Passenger Facility Charges of the Airport pledged and appropriated thereto and do not constitute a debt of the City within the meaning of any constitutional or statutory limitation or provision and the issuance of the Series 2020A Bonds does not cause either the general or the special indebtedness of the City to exceed any constitutional, statutory or charter limitation.

This Series 2020A Bond shall not be valid or obligatory for any purpose or be entitled to any security or benefit under the Resolution unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar by the manual signature of one of its authorized representatives.

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IN WITNESS WHEREOF, the City of Billings, Montana, by its City Council, has caused this Bond to be executed by the facsimile signatures of the Mayor, the City Finance Director and the City Clerk, and by a printed facsimile of the official seal of the City.

CITY OF BILLINGS, MONTANA

(Facsimile Signature)
MAYOR

(Facsimile Seal)

(Facsimile Signature)
CITY FINANCE DIRECTOR

(Facsimile Signature)
CITY CLERK

Dated:

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned herein.

CITY OF BILLINGS, MONTANA,
as Registrar, Transfer Agent, and
Paying Agent

By _____
City Finance Director

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants
in common

UTMA.....Custodian.....
(Cust) (Minor)

TEN ENT -- as tenants
by the entireties

under Uniform Gifts to

JT TEN -- as joint tenants
with right of
survivorship and
not as tenants in
common

Minor Act.....
(State)

Additional abbreviations may also be used.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

PLEASE INSERT SOCIAL SECURITY
OR OTHER IDENTIFYING NUMBER
OF ASSIGNEE:

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration, enlargement or any change whatsoever.

SIGNATURE GUARANTEED

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Registrar in

addition to or in substitution for STAMP,
all in accordance with the Securities
Exchange Act of 1934, as amended.

SCHEDULE 1
SCHEDULE OF ADVANCES

1. The first advance is for the purchase of land for the construction of a new building for the use of the Department of the Interior, Bureau of Land Management, in the State of California. The land is located in the County of Los Angeles, and is being purchased from the State of California. The purchase price of the land is \$100,000.00. The advance is for the purchase of the land, and the Department of the Interior, Bureau of Land Management, is responsible for the construction of the building. The advance is for the purchase of the land, and the Department of the Interior, Bureau of Land Management, is responsible for the construction of the building.

2. The second advance is for the purchase of land for the construction of a new building for the use of the Department of the Interior, Bureau of Land Management, in the State of California. The land is located in the County of Los Angeles, and is being purchased from the State of California. The purchase price of the land is \$100,000.00. The advance is for the purchase of the land, and the Department of the Interior, Bureau of Land Management, is responsible for the construction of the building. The advance is for the purchase of the land, and the Department of the Interior, Bureau of Land Management, is responsible for the construction of the building.

3. The third advance is for the purchase of land for the construction of a new building for the use of the Department of the Interior, Bureau of Land Management, in the State of California. The land is located in the County of Los Angeles, and is being purchased from the State of California. The purchase price of the land is \$100,000.00. The advance is for the purchase of the land, and the Department of the Interior, Bureau of Land Management, is responsible for the construction of the building. The advance is for the purchase of the land, and the Department of the Interior, Bureau of Land Management, is responsible for the construction of the building.

4. The fourth advance is for the purchase of land for the construction of a new building for the use of the Department of the Interior, Bureau of Land Management, in the State of California. The land is located in the County of Los Angeles, and is being purchased from the State of California. The purchase price of the land is \$100,000.00. The advance is for the purchase of the land, and the Department of the Interior, Bureau of Land Management, is responsible for the construction of the building. The advance is for the purchase of the land, and the Department of the Interior, Bureau of Land Management, is responsible for the construction of the building.

5. The fifth advance is for the purchase of land for the construction of a new building for the use of the Department of the Interior, Bureau of Land Management, in the State of California. The land is located in the County of Los Angeles, and is being purchased from the State of California. The purchase price of the land is \$100,000.00. The advance is for the purchase of the land, and the Department of the Interior, Bureau of Land Management, is responsible for the construction of the building. The advance is for the purchase of the land, and the Department of the Interior, Bureau of Land Management, is responsible for the construction of the building.

SCHEDULE 2

DEBT SERVICE SCHEDULE

\$30,000,000

City of Billings, Montana
Airport Revenue Bonds, Series 2020A

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/01/2020	-	2.650%	-	-	-
01/01/2021	-	2.650%	3,533.33	3,533.33	3,533.33
07/01/2021	-	2.650%	73,463.89	73,463.89	73,463.89
01/01/2022	-	2.650%	132,794.44	132,794.44	206,258.33
07/01/2022	-	2.650%	210,454.17	210,454.17	416,712.50
01/01/2023	-	2.650%	267,355.56	267,355.56	684,068.06
07/01/2023	-	2.650%	325,213.89	325,213.89	1,009,281.95
01/01/2024	-	2.650%	386,605.56	386,605.56	1,395,887.51
07/01/2024	910,000.00	4.170%	601,433.33	1,511,433.33	2,907,320.84
01/01/2025	-	4.170%	606,526.50	606,526.50	3,513,847.34
07/01/2025	925,000.00	4.170%	606,526.50	1,531,526.50	5,045,373.84
01/01/2026	-	4.170%	587,240.25	587,240.25	5,632,614.09
07/01/2026	960,000.00	4.170%	587,240.25	1,547,240.25	7,179,854.34
01/01/2027	-	4.170%	567,224.25	567,224.25	7,747,078.59
07/01/2027	1,005,000.00	4.170%	567,224.25	1,572,224.25	9,319,302.84
01/01/2028	-	4.170%	546,270.00	546,270.00	9,865,572.84
07/01/2028	1,045,000.00	4.170%	546,270.00	1,591,270.00	11,456,842.84
01/01/2029	-	4.170%	524,481.75	524,481.75	11,981,324.59
07/01/2029	1,090,000.00	4.170%	524,481.75	1,614,481.75	13,595,806.34
01/01/2030	-	4.170%	501,755.25	501,755.25	14,097,561.59
07/01/2030	1,135,000.00	4.170%	501,755.25	1,636,755.25	15,734,316.84
01/01/2031	-	4.170%	478,090.50	478,090.50	16,212,407.34
07/01/2031	1,185,000.00	4.170%	478,090.50	1,663,090.50	17,875,497.84
01/01/2032	-	4.170%	453,383.25	453,383.25	18,328,881.09
07/01/2032	1,235,000.00	4.170%	453,383.25	1,688,383.25	20,017,264.34
01/01/2033	-	4.170%	427,633.50	427,633.50	20,444,897.84
07/01/2033	1,290,000.00	4.170%	427,633.50	1,717,633.50	22,162,531.34
01/01/2034	-	4.170%	400,737.00	400,737.00	22,563,268.34
07/01/2034	1,445,000.00	3.600%	351,742.02	1,796,742.02	24,360,010.36
01/01/2035	-	3.600%	319,950.00	319,950.00	24,679,960.36
07/01/2035	1,505,000.00	3.600%	319,950.00	1,824,950.00	26,504,910.36
01/01/2036	-	3.600%	292,860.00	292,860.00	26,797,770.36
07/01/2036	1,560,000.00	3.600%	292,860.00	1,852,860.00	28,650,630.36
01/01/2037	-	3.600%	264,780.00	264,780.00	28,915,410.36
07/01/2037	1,615,000.00	3.600%	264,780.00	1,879,780.00	30,795,190.36
01/01/2038	-	3.600%	235,710.00	235,710.00	31,030,900.36
07/01/2038	1,675,000.00	3.600%	235,710.00	1,910,710.00	32,941,610.36
01/01/2039	-	3.600%	205,560.00	205,560.00	33,147,170.36
07/01/2039	1,735,000.00	3.600%	205,560.00	1,940,560.00	35,087,730.36
01/01/2040	-	3.600%	174,330.00	174,330.00	35,262,060.36
07/01/2040	1,800,000.00	3.600%	174,330.00	1,974,330.00	37,256,390.36
01/01/2041	-	3.600%	141,930.00	141,930.00	37,398,320.36
07/01/2041	1,865,000.00	3.600%	141,930.00	2,006,930.00	39,405,250.36
01/01/2042	-	3.600%	108,360.00	108,360.00	39,513,610.36
07/01/2042	1,935,000.00	3.600%	108,360.00	2,043,360.00	41,556,970.36
01/01/2043	-	3.600%	73,530.00	73,530.00	41,630,500.36
07/01/2043	2,005,000.00	3.600%	73,530.00	2,078,530.00	43,709,030.36
01/01/2044	-	3.600%	37,440.00	37,440.00	43,746,470.36
07/01/2044	2,080,000.00	3.600%	37,440.00	2,117,440.00	45,863,910.36
01/01/2045	-	-	-	-	45,863,910.36
Total	\$30,000,000.00	-	\$15,847,443.69	\$45,847,443.69	-

NOTE: Rate Reset dates of: January 20, 2024 at 4.17% and January 20, 2034 at 3.60%

Billings, Montana | 2020A Airport Revenue Bonds | SCHEDULE 2 | 7/1/2020 | 10:19 PM

EXHIBIT B

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF YELLOWSTONE

CITY OF BILLINGS

AIRPORT REVENUE REFUNDING BONDS
(CUSTOMER FACILITY CHARGE SUPPORTED)
SERIES 2020B

No. _____ \$3,000,000

<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Date of Original Issue</u>
3.60%	July 1, 2044	July 20, 2020

REGISTERED HOLDER: FIRST INTERSTATE BANK

PRINCIPAL AMOUNT: THREE MILLION DOLLARS AND NO/100

FOR VALUE RECEIVED, THE CITY OF BILLINGS, MONTANA (the "City"), a duly organized municipal corporation and political subdivision of the State of Montana, acknowledges itself to be specially indebted and hereby promises to pay to the registered holder identified above or registered assigns, solely from the Net Revenues and the Customer Facility Charges of the Airport deposited in the Debt Service Account of its Airport Fund, the principal amount specified above. This Series 2020B Bond bears interest on the Outstanding principal amount from the Date of Original Issue specified above, or from such later date to which interest has been paid or duly provided for, until paid or discharged at the Interest Rate specified above. Interest on the Series 2020B Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months. The principal of and interest on this Series 2020B Bond shall be payable in the amounts and on the respective dates reflected in the debt service schedule attached hereto as *Schedule 1* (the "Debt Service Schedule"). The amounts set forth in the Debt Service Schedule shall be revised upon each partial redemption of this Series 2020B Bond in an amount at any one time equal to or greater than \$1,000,000 in order to reflect substantially equal installments of principal and interest sufficient to amortize the Outstanding principal of this Series 2020B Bond by the Final Maturity Date specified above.

Interest on this Series 2020B Bond shall be payable to the Holder hereof as of the close of business on the 15th day of the month immediately preceding each Interest Payment Date, whether or not such day is a Business Day. Principal and interest shall

be payable by check or draft of the Registrar mailed to the Holder as such appears in the Bond Register or by wire transfer of immediately available funds to the account specified by the Holder; *provided* that the final installment of principal (whether at the Final Maturity Date specified above or earlier redemption) shall be paid only upon presentation and surrender of this Series 2020B Bond at the principal office of the City of Billings, Montana, as bond registrar, transfer agent and paying agent (the "Registrar"), or duly appointed successor. The Registrar shall note in the Bond Register each principal payment on this Series 2020B Bond. The principal of and interest on this Series 2020B Bond are payable in lawful money of the United States of America.

This Series 2020B Bond is one of a duly authorized issue of Bonds of the City designated as "Airport Revenue Refunding Bonds (Customer Facility Charge Supported, Series 2020B)" (the "Series 2020B Bonds") issued and to be issued under Resolution No. [____], adopted by the City Council on July 13, 2020 (the "Resolution"), to which Resolution (copies of which are on file with the City) reference is hereby made for a description of the nature and extent of the security, the respective rights thereunder of the registered owners of the Series 2020B Bonds and the City and the terms and conditions upon which this Series 2020B Bond is issued and delivered. Capitalized terms used herein but not otherwise defined shall have the respective meanings given such terms in the Resolution. The Series 2020B Bonds are issued by the City for the purpose of refunding the City's Airport Revenue Bonds (Customer Facility Charge Supported), Series 2010B, outstanding in the aggregate principal amount of \$3,985,000, funding a deposit to the Debt Service Reserve Account for the Series 2020B Bonds and paying costs of issuance of the Series 2020B Bonds and costs of the refunding of the Series 2010B Bonds.

The Series 2020B Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Montana, particularly Montana Code Annotated, Title 67, Chapter 11, Parts 3 and 4, as amended (the "Act"), and the home rule charter of the City, and pursuant to the Resolution. The Series 2020B Bonds and the interest thereon are special, limited obligations of the City and are payable solely from the Net Revenues of the Airport on a parity with the City's Airport Revenue Bonds (Passenger Facility Charge Supported), Series 2020A (the "Series 2020A Bonds") and any Additional Bonds. The Series 2020B Bonds are also payable from Customer Facility Charges of the Airport, as defined in the Resolution and which by the Resolution are pledged to the 2020B Debt Service Subaccount in the Debt Service Account of the Airport Fund on a parity with any Additional Bonds that are CFC Bonds, as defined in the Resolution. The Series 2020B Bonds are not payable from or secured by Passenger Facility Charges of the Airport, and Net Revenues do not include Passenger Facility Charges of the Airport. The Series 2020B Bonds are not general obligations of the City and the City's general credit and taxing powers are not pledged to the payment of the Series 2020B Bonds or the premium, if any, or interest thereon. The Series 2020B Bonds do not constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provisions.

The Series 2020B Bonds shall be subject to redemption at any time, at the option of the City, in whole or in part, at a Redemption Price equal to the principal amount thereof

to be redeemed plus interest to, but excluding, the Redemption Date, without premium; *provided, however*, that if the Series 2020B Bonds are redeemed with proceeds of refunding bonds or other debt obligations of the City during the periods below, the Series 2020B Bonds shall be subject to a prepayment penalty on the principal amount so redeemed equal to the following:

<u>Redemption Date</u>	Prepayment Premium (% of Outstanding Principal Amount to be prepaid)
From July 20, 2020 to and including July 20, 2022	3%
From July 21, 2022 to and including July 20, 2024	2%
From July 21, 2024 to and including July 20, 2025	1%
On and after July 21, 2025	0%

The Bonds, including the Series 2020B Bonds, are subject to redemption prior to maturity by the City, to the extent of available Net Proceeds of insurance or condemnation award, in the event: (a) the Airport or any portion thereof is damaged, destroyed or condemned; (b) the Net Proceeds of insurance or condemnation received in connection therewith exceed the greater of (i) three percent of property, plant and equipment assets of the Airport or (ii) \$500,000; and (c) the City elects to have all or any part of such Net Proceeds applied to the prepayment of the Bonds. If called for redemption in any such event, the Bonds shall be subject to redemption in whole at any time, or in part on any interest payment date, and if in part, from such series and by maturities designated by the City (and, if less than all of a maturity is being redeemed, by lot or other manner deemed fair by the Registrar within a maturity) at a redemption price equal to the principal amount thereof plus accrued interest to, but excluding, the Redemption Date, without premium.

The Redemption Date and the principal amount of the Series 2020B Bonds to be redeemed shall be fixed by the City Finance Director who shall give notice thereof to the Registrar at least 35 days prior to the Redemption Date or such lesser period as the Registrar accepts. The Registrar, at least 30 days prior to the designated Redemption Date, shall cause notice of redemption to be mailed, by first class mail, to the Holders of each Series 2020B Bond to be redeemed at their addresses as they appear on the Bond Register, but no defect in or failure to give such mailed notice shall affect the validity of proceedings for the redemption of any Series 2020B Bond not affected by such defect or failure. The notice of redemption shall specify the series, Redemption Date, Redemption Price, the numbers, interest rates and Stated Maturities of the Series 2020B Bonds or portions thereof to be redeemed, and the place at which the Series 2020B Bonds are to

be surrendered for payment, which is the principal office of the Registrar. In addition, any notice of redemption may, at the City's discretion, be subject to one or more conditions precedent. Official notice of redemption having been given as aforesaid, the Series 2020B Bonds or portions thereof so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date (unless the City shall default in the payment of the Redemption Price) such Series 2020B Bonds or portions thereof shall cease to bear interest. So long as all of this Series 2020B Bond is held by a single Holder, upon partial redemption there shall be no need to exchange the unredeemed portion of this Series 2020B Bond for a new Series 2020B Bond. If this Series 2020B Bond is redeemed in part in an amount at any one time less than \$1,000,000, such prepayment shall be applied to this Series 2020B Bond in inverse order of principal payments.

This Series 2020B Bond is a negotiable investment security as provided in the Montana Uniform Commercial Code. As provided in the Resolution and subject to certain limitations set forth therein, this Series 2020B Bond is transferable upon the books of the City at the principal office of the Registrar, by the registered holder hereof in person or by his attorney duly authorized in writing and guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar; and may also be surrendered in exchange for Series 2020B Bonds of other authorized denominations. Upon such transfer or exchange, the City will cause a new Series 2020B Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, as applicable, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Registrar may deem and treat the person in whose name this Series 2020B Bond is registered as the absolute owner hereof, whether this Series 2020B Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the City will prescribe and collect rates, fees and charges for all privileges and facilities afforded by the Airport, including all additions thereto and replacements and improvements thereof, and has created a special Airport Fund into which the Gross Revenues (which have the particular meaning prescribed by the Resolution) of the Airport will be paid, and a separate and special 2020B Debt Service Subaccount in the Debt Service Account of the Airport Fund, into which will be paid monthly, from and as a first and prior lien on the Net Revenues (Gross Revenues less Operating Expenses) and (as to certain CFC Bonds, including the Series 2020B Bonds) from the Customer Facility Charges (all as defined in the Resolution) then on hand an amount not less than one-sixth of the interest due and payable on all Outstanding Bonds within the next six months and one-twelfth of the principal on all Outstanding Bonds due and payable within the next twelve months, equally and ratably with respect to deposits to be made in respect of other Bonds and other CFC Bonds, respectively; that on the Original Date of Issuance will credit

to the 2020B Debt Service Reserve Subaccount of the Debt Service Reserve Account in the Airport Fund, from funds on hand and available therefor, the sum of \$200,000 in satisfaction of the Reserve Requirement in respect to the Series 2020B Bonds; that the City has agreed thereafter to credit to the 2020B Debt Service Reserve Subaccount in the Debt Service Reserve Account from the Net Revenues and Customer Facility Charges remaining after credits to the Debt Service Account, amounts necessary to maintain the amount in the Debt Service Reserve Account at the Reserve Requirement; that the Debt Service Account and Debt Service Reserve Account will be used only to pay the principal and interest on Bonds secured thereby; that the Series 2020B Bonds shall be secured by the 2020B Debt Service Reserve Subaccount of the Debt Service Reserve Account until the Reserve Requirement with respect to the Series 2020B Bonds is released pursuant to Section 6.07 of the Resolution; that the rates, fees, rentals and charges for the Airport will from time to time be made and kept sufficient to produce in each Fiscal Year (i) in respect of Outstanding Bonds, Net Revenues, (ii) in addition in respect of only Outstanding PFC Bonds, Passenger Facility Charges, and (iii) in addition in respect of only Outstanding CFC Bonds, Customer Facility Charges, equal in the aggregate to at least 125% of the Debt Service Requirements of such Bonds for such Fiscal Year; that the City may issue Subordinate Obligations and Notes to the extent described in the Resolution; that the City has also agreed to pay promptly the reasonable and current expenses of operating and maintaining the Airport, and to provide reserves for such operation and maintenance of the Airport; that Additional Bonds may be issued and made payable from the Airport Fund on a parity as to Net Revenues with the Series 2020B Bonds and, if such Additional Bonds are CFC Bonds, on a parity as to Customer Facility Charges with the Series 2020B Bonds, only upon satisfaction of certain conditions set forth in the Resolution; that the City may issue Additional Bonds that are PFC Bonds or CFC Bonds that are payable from Passenger Facility Charges and Customer Facility Charges, respectively, in addition to Net Revenues; that all provisions for the security of the owner of this Series 2020B Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the home rule charter and the ordinances and resolutions of the City to be done, to exist, to happen and to be performed in order to make this Series 2020B Bond a valid and binding special obligation of the City according to its terms have been done, do exist, have happened and have been performed as so required; and that the principal and interest due on this Series 2020B Bond are payable solely from the Net Revenues and Customer Facility Charges of the Airport pledged and appropriated thereto and do not constitute a debt of the City within the meaning of any constitutional or statutory limitation or provision and the issuance of the Series 2020B Bonds does not cause either the general or the special indebtedness of the City to exceed any constitutional, statutory or charter limitation.

This Series 2020B Bond shall not be valid or obligatory for any purpose or be entitled to any security or benefit under the Resolution unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar by the manual signature of one of its authorized representatives.

[Balance of page intentionally left blank]

IN WITNESS WHEREOF, the City of Billings, Montana, by its City Council, has caused this Bond to be executed by the facsimile signatures of the Mayor, the City Finance Director and the City Clerk, and by a printed facsimile of the official seal of the City.

CITY OF BILLINGS, MONTANA

(Facsimile Signature)
MAYOR

(Facsimile Seal)

(Facsimile Signature)
CITY FINANCE DIRECTOR

(Facsimile Signature)
CITY CLERK

Dated:

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned herein.

CITY OF BILLINGS, MONTANA,
as Registrar, Transfer Agent, and
Paying Agent

By _____
City Finance Director

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants
in common

UTMA.....Custodian.....
(Cust) (Minor)

TEN ENT -- as tenants
by the entireties

under Uniform Gifts to

JT TEN -- as joint tenants
with right of
survivorship and
not as tenants in
common

Minor Act.....
(State)

Additional abbreviations may also be used.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

PLEASE INSERT SOCIAL SECURITY
OR OTHER IDENTIFYING NUMBER
OF ASSIGNEE:

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration, enlargement or any change whatsoever.

SIGNATURE GUARANTEED

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Registrar in

addition to or in substitution for STAMP,
all in accordance with the Securities
Exchange Act of 1934, as amended.

SCHEDULE 1
DEBT SERVICE SCHEDULE

\$3,000,000

City of Billings, Montana
Airport Revenue Refunding Bonds, Series 2020B
Current Refunding 2010B Airport Rev Bonds

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/20/2020	-	-	-	-	-
01/01/2021	-	-	48,300.00	48,300.00	48,300.00
07/01/2021	260,000.00	3.600%	54,000.00	314,000.00	-
01/01/2022	-	-	49,320.00	49,320.00	363,320.00
07/01/2022	265,000.00	3.600%	49,320.00	314,320.00	-
01/01/2023	-	-	44,550.00	44,550.00	358,870.00
07/01/2023	275,000.00	3.600%	44,550.00	319,550.00	-
01/01/2024	-	-	39,600.00	39,600.00	359,150.00
07/01/2024	280,000.00	3.600%	39,600.00	319,600.00	-
01/01/2025	-	-	34,560.00	34,560.00	354,160.00
07/01/2025	290,000.00	3.600%	34,560.00	324,560.00	-
01/01/2026	-	-	29,340.00	29,340.00	353,900.00
07/01/2026	305,000.00	3.600%	29,340.00	334,340.00	-
01/01/2027	-	-	23,850.00	23,850.00	358,190.00
07/01/2027	315,000.00	3.800%	23,850.00	338,050.00	-
01/01/2028	-	-	18,180.00	18,180.00	357,030.00
07/01/2028	325,000.00	3.600%	18,180.00	343,180.00	-
01/01/2029	-	-	12,330.00	12,330.00	355,510.00
07/01/2029	335,000.00	3.800%	12,330.00	347,330.00	-
01/01/2030	-	-	6,300.00	6,300.00	353,630.00
07/01/2030	350,000.00	3.600%	6,300.00	356,300.00	-
01/01/2031	-	-	-	-	356,300.00
Total	\$3,000,000.00	-	\$618,360.00	\$3,618,360.00	-

SIGNIFICANT DATES

Dated Date 7/20/2020
Delivery Date 7/20/2020
First Coupon Date 1/01/2021

Yield Statistics

Bond Year Dollars \$17,176.67
Average Life 5.726 Years
Average Coupon 3.6000000%
Net Interest Cost (NIC) 3.6000000%
True Interest Cost (TIC) 3.6002983%
Bond Yield for Arbitrage Purposes 3.6002983%
All Inclusive Cost (AIC) 3.7214222%

IRS Form 8038

Net Interest Cost 3.6000000%
Weighted Average Maturity 5.726 Years

File | Billings, MT | 2020 Airport Revenue Ref | SINGLE PURPOSE | 7/1/2020 | 9:56 AM

