

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of City of Billings, Yellowstone County, Montana (the "City"), hereby certify that the attached resolution is a true copy of a Resolution entitled: "A RESOLUTION OF THE CITY COUNCIL SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY OF BILLINGS, MONTANA, THE QUESTION OF ISSUING GENERAL OBLIGATION BONDS IN AN AMOUNT OF TWELVE MILLION AND NO/100 DOLLARS (\$12,000,000.00) FOR THE PURPOSE OF ACQUIRING PROPERTY FOR AND DESIGNING, CONSTRUCTING AND EQUIPPING A NEW LIBRARY BUILDING, AND PAYING COSTS ASSOCIATED WITH THE SALE AND ISSUANCE OF THE BONDS AND AUTHORIZING THE LEVY OF ADDITIONAL MILLS OVER THE EXISTING AND APPROVED CHARTER LEVY LIMITATION TO PAY PRINCIPAL OF AND INTEREST ON THE 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 at a regular meeting on June 24, 2002, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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: _____

_____; voted against the same:

_____; abstained from voting thereon:

_____; or were absent: _____

WITNESS my hand and seal officially this 24th day of June, 2002.

(SEAL)

City Clerk

RESOLUTION NO. 02-17853

A RESOLUTION OF THE CITY COUNCIL SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY OF BILLINGS, MONTANA, THE QUESTION OF ISSUING GENERAL OBLIGATION BONDS IN AN AMOUNT OF TWELVE MILLION AND NO/100 DOLLARS (\$12,000,000.00) FOR THE PURPOSE OF OFACQUIRING PROPERTY FOR AND DESIGNING, CONSTRUCTING AND EQUIPPING A NEW LIBRARY BUILDING, AND PAYING COSTS ASSOCIATED WITH THE SALE AND ISSUANCE OF THE BONDS AND AUTHORIZING THE LEVY OF ADDITIONAL MILLS OVER THE EXISTING AND APPROVED CHARTER LEVY LIMITATION TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS

RECITALS

WHEREAS, a city or town is authorized pursuant to Title 7, Chapter 7, Parts 41 and 42, M.C.A., to issue general obligation bonds pledging the general credit of the City for the purpose of acquiring land for and designing and erecting public buildings upon approval of the electorate of the city or town, provided that such indebtedness will not cause the total indebtedness of the city to exceed 1.51% of the total assessed value of taxable property, determined as provided in Section 15-8-111, within the city or town, as ascertained by the last assessment for state and county taxes; and

WHEREAS, a city council is authorized pursuant to Section 7-7-4223, M.C.A., to call a bond election by adopting a resolution to that effect; and

WHEREAS, based upon the recommendation of the Library Board of Trustees of the city of Billings, the City Council (the "Council") of the City of Billings, Montana (the "City") has determined that the need exists for acquiring property for and designing, constructing and equipping a new library building; and

WHEREAS, the costs for acquiring property for and designing, constructing and equipping a new library building and paying costs associated with the financing are estimated to be Twelve Million and No/100 Dollars (\$12,000,000.00); and

WHEREAS, the Council has determined that the issuance of general obligation bonds in the amount of Twelve Million and No/100 Dollars (\$12,000,000.00) will not cause the City to exceed its general statutory indebtedness limitation, which as currently calculated is \$50,529,936.00; and

WHEREAS, the City Charter currently limits the number of mills that can be levied within the City for all purposes to 109.00; and

WHEREAS, it is estimated that 8.06 additional mills would be needed to pay the principal of and interest on the Bonds, assuming a 5% interest rate and based on the current taxable valuation of the City; and

WHEREAS, the Council has determined there should be submitted to the electors of the City qualified to vote at bond elections the question of whether or not the Council shall be authorized to issue and sell general obligation bonds of the City in order to obtain funds for acquiring property for and designing, constructing and equipping a new library building, paying costs associated with the sale and issuance of the bonds and authorizing the levy of additional mills over the existing and approved charter levy limitation to pay principal of and interest on the bonds; and

WHEREAS, it is the judgment of the Council that the sum of Twelve Million and No/100 Dollars (\$12,000,000.00), will be necessary to carry out the purposes set forth above; and

WHEREAS, it is the judgment and determination of the Council that such bonds will be payable during a term not to exceed twenty (20) years and shall be redeemable on any interest payment date after one-half of the term for which they are issued.

NOW, THEREFORE, BE IT RESOLVED By the Council of the City as follows:

1. Calling of the Election. The Council of the City hereby calls and directs a special city election to be held on November 5, 2002, in conjunction with the general election, for the purpose of voting on the following question:

Shall the Council be authorized to issue and sell general obligation bonds of the City in the amount of Twelve Million and No/100 Dollars (\$12,000,000.00), bearing interest at a rate to be determined by the Council at a competitive bid, payable semiannually during a term of not to exceed twenty (20) years and redeemable on any interest payment date after one-half of their term for the purpose of acquiring property for and designing, constructing and equipping a new library building and paying costs associated with the sale and issuance of general obligation bonds and authorizing the levy of additional mills over the existing and approved charter levy limitation to pay principal of and interest on the bonds?

2. Conduct of Election. All qualified electors of the City shall be entitled to vote at the bond election. The Yellowstone County Election Administrator is hereby requested to close registration, give notice thereof and upon close of registration to prepare printed lists of the electors in the City entitled to vote in the election in the City and to conduct the election in the form and manner prescribed by law.

3. Notice of Election. The City Clerk is hereby authorized and requested to cause notice of the call and holding of the election to be given by publishing notice at least once a week for the three consecutive weeks before the election in the *Billings*

Times, a newspaper of general circulation in Yellowstone County. The notice of election as published shall read substantially as follows:

NOTICE OF GENERAL OBLIGATION BOND ELECTION
City of Billings, Montana
November 5, 2002

NOTICE IS HEREBY GIVEN by the City Council (the "Council") of the City of Billings, Montana (the "City"), that pursuant to a certain resolution duly adopted at a regular meeting of the Council on June 24, 2002, a special city election of the registered voters of the City will be held on November 5, 2002, in conjunction with the general election, for the purpose of voting on the following question:

Shall the Council be authorized to issue and sell general obligation bonds of the City in the amount of Twelve Million and No/100 Dollars (\$12,000,000.00), bearing interest at a rate to be determined by the Council at a competitive bid, payable semiannually during a term of not to exceed twenty (20) years and redeemable on any interest payment date after one-half of their term for the purpose of acquiring property for and designing, constructing and equipping a new library building and paying costs associated with the sale and issuance of general obligation bonds and authorizing the levy of additional mills over the existing and approved charter levy limitation to pay principal of and interest on the bonds?

The polls shall be open between the hours of 7:00 a.m. and 8:00 p.m., and the polling places for the election shall be the normal polling places for City residents during a general election. Absentee ballots may be obtained at the office of the Yellowstone County Election Administrator at the Yellowstone County Courthouse, 217 North 27th, Billings Montana until 12:00 noon, November 4, 2002.

DATED this _____ day of _____, 2002.

City Clerk

Publish:

4. Ballots. The Election Administrator is hereby requested to prepare suitable ballots for use at the election at the polling places, together with the precinct lists.

5. Form of Ballot. The ballot shall be printed in substantially the following form:

OFFICIAL BALLOT
CITY OF BILLINGS, MONTANA
GENERAL OBLIGATION BOND ELECTION
November 5, 2002

INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words "BONDS--YES" if you wish to vote for the bond issue; if you are opposed to the bond issue make an X or similar mark in the square before the words "BONDS--NO".

LIBRARY BONDS

Shall the Council be authorized to issue and sell general obligation bonds of the City in the amount of Twelve Million and No/100 Dollars (\$12,000,000.00), bearing interest at a rate to be determined by the Council, payable semiannually during a term of not to exceed twenty (20) years and redeemable on any interest payment date after one-half of their term for the purpose of acquiring property for and designing, constructing and equipping a new library building and paying costs associated with the sale and issuance of general obligation bonds and authorizing the levy of additional mills over the existing and approved charter levy limitation to pay principal of and interest on the bonds?

LIBRARY BONDS — YES
 LIBRARY BONDS — NO

6. Notice to County Election Administrator. That a copy of this resolution will be provided to the Yellowstone County Election Administrator as soon as possible after its adoption and approval in order to inform him of the details of the election and the pertinent requests and authorizations as to the conduct of the election.

7. Reimbursement Expenditures.

(a) The United States Department of Treasury has promulgated final regulations governing the use of proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the City for project expenditures paid by the City prior to the date of issuance of such bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the "Regulations") require that the City adopt a statement of official intent to reimburse an original expenditure not later than 60 days after payment of the original expenditure. The Regulations also generally require that the bonds be issued and the reimbursement allocation made from the proceeds of the bonds within 18 months (or three years, if the reimbursement bond issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) after the later of (i) the date the expenditure is paid or (ii) the date the project is placed in service or abandoned, but (unless the issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) in no event more than three years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the bonds.

(b) Other than (i) expenditures to be paid or reimbursed from sources other than the bonds, (ii) expenditures permitted to be reimbursed under the transitional provision contained in Section 1.150-2(j)(2) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a "de minimus" amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures for the project have been paid by the City before the date 60 days before the date of adoption of this resolution.

(c) The City reasonably expects to reimburse the expenditures made for costs of the project out of the proceeds of bonds in an estimated maximum aggregate principal amount of \$12,000,000 after the date of payment of all or a portion of the costs of the project. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the bonds or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations.

(d) As of the date hereof, there are no City funds reserved, allocated on a long-term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures related to the project, other than pursuant to the issuance of the bonds. The statement of intent contained in this resolution, therefore, is determined to be consistent with the City's budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof.

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

PASSED by the City Council of Billings, Montana, this 24th day of June, 2002.

Mayor

Attest: _____
City Clerk

(SEAL)