

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Great Falls, Montana (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. 10046, entitled: "RESOLUTION RELATING TO UP TO \$1,200,000 LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS (TAXABLE), SERIES 2014B; AUTHORIZING THE ISSUANCE AND PRIVATE NEGOTIATED SALE THEREOF" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Commission of the City at a regular meeting on December 17, 2013, and that the meeting was duly held by the City Commission 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 Commissioners voted in favor thereof: \_\_\_\_\_  
\_\_\_\_\_; voted against  
the same: \_\_\_\_\_; abstained from voting  
thereon: \_\_\_\_\_; or were absent: \_\_\_\_\_.

WITNESS my hand officially this 17th day of December, 2013.

\_\_\_\_\_  
Lisa Kunz, City Clerk

RESOLUTION NO. 10046

RESOLUTION RELATING TO UP TO \$1,200,000 LIMITED  
TAX GENERAL OBLIGATION REFUNDING BONDS  
(TAXABLE), SERIES 2014B; AUTHORIZING THE ISSUANCE  
AND PRIVATE NEGOTIATED SALE THEREOF

BE IT RESOLVED by the City Commission (the “Commission”) of the City of Great Falls, Montana (the “City”), as follows:

Section 1. Recitals.

1.01. Pursuant to Montana Code Annotated, Title 7, Chapter 7, Part 41, as amended (the “Act”), the City is authorized to issue general obligations not secured by its taxing power without submitting the question of incurring the indebtedness to the electors upon the satisfaction of certain conditions: (1) the principal amount of the obligation may not exceed 10% of the general fund budget of the municipality in each of the two preceding fiscal years; (2) at the time the obligation is incurred, the debt service in the current or any future fiscal year on the obligation and any other outstanding obligation issued pursuant to the Act do not exceed 2% of the revenues deposited in the general fund of the municipality in each of the two immediately preceding years; and (3) the term of the obligation does not exceed 20 years.

1.02. Pursuant to the Act as then in effect, the City issued and sold its General Fund Obligation Note, Series 2005 (Taxable), in the original aggregate principal amount of \$1,500,000 (the “Series 2005 Note”), for the purpose of paying a portion of the costs of design, engineering, feasibility and environmental review with respect to a coal fired electric generation facility to have been constructed by Southern Montana Electric Generation and Transmission Co-Op, of which the City was a member. The Series 2005 Note is presently outstanding in the aggregate principal amount of \$1,106,019.73.

1.03. The Series 2005 Note bears interest at a rate equal to the Five Year US Treasury Index as reported in the Wall Street Journal plus 2.3% per annum, but in no event shall the interest rate exceed 7.21% per annum. The interest rate on the Series 2005 Note is re-set every five years. The interest rate on the Series 2005 Note for the initial five-year period was 6.79%, and the interest rate on the Series 2005 Note for the current five-year period is 3.78%. If the interest rate on the Series 2005 Note was re-set as of December 4, 2013, the rate would have been 3.73%. Given the steady increase in interest rates over the preceding 12-month period and other relevant economic factors, the Commission anticipates that the interest rate on the Series 2005 Note will increase prior to the next interest rate adjustment date on December 6, 2015.

1.04. In order to reduce interest rate risk related to the variable rate Series 2005 Note, it is proposed that there be paid, redeemed and defeased all of the outstanding Series 2005 Note by issuing refunding bonds with a fixed interest rate.

Section 2. Findings.

2.01. The principal amount of the Series 2014B Bonds (assuming a principal amount of \$1,200,000) does not exceed 10% of general fund budget of the City for the immediately two preceding fiscal years. The City's general fund budget for the fiscal years ended June 30, 2012 and 2013 was \$22,707,889 (10% equals \$2,270,789) and \$23,848,149 (10% equals \$2,384,815), respectively.

2.02. As set forth on Exhibit A hereto, the estimated debt service in the current or any future fiscal year on the Series 2014B Bonds (assuming an interest rate of 5.25% and assuming substantially equal amount debt service payments over 10 years) and the debt service in the current or any future fiscal year on all other outstanding obligations of the City issued pursuant to the Act (assuming the refunding of the outstanding Series 2005 Note) does not exceed 2% of the revenues deposited in the general fund of the City in each of the two immediately preceding fiscal years. Revenues deposited in the general fund of the City for the fiscal years ended June 30, 2012 and 2013 were \$25,366,013 (2% equals \$507,320) and \$26,020,813 (2% equals \$520,416), respectively.

### Section 3. Authorization.

3.01. For the purposes of reducing interest rate risk related to the variable rate Series 2005 Note, it is hereby determined that it is in the best interests of the City and the owners of taxable property therein for the City to pursue the sale of limited tax general obligation refunding bonds in order to refund all of the outstanding Series 2005 Note.

3.02. Pursuant to the Act, this Commission hereby authorizes the City to proceed with the issuance and sale of its Limited Tax General Obligation Refunding Bonds (Taxable), Series 2014B (the "Series 2014B Bonds") for the purpose of refunding the outstanding Series 2005 Note, in an aggregate principal amount necessary to provide funds, with other available funds of the City, if any, to pay interest on and principal of the outstanding Series 2005 Note and pay costs of issuance of the Series 2014B Bonds, as determined by the officers of the City identified pursuant to Section 3 and within the limitations therein established so as to maximize debt service savings.

### Section 4. Negotiated Sale and Terms.

4.01. This Commission hereby determines that it is in the best interests of the City to sell the Series 2014B Bonds at a private negotiated sale to D.A. Davidson & Co., of Great Falls, Montana (the "Purchaser").

4.02. The Series 2014B Bonds shall be sold to the Purchaser on the terms and at a purchase price subject to the following limitations and conditions: (1) the aggregate principal amount of the Series 2014B Bonds shall not exceed \$1,200,000; (2) the true interest cost shall not exceed 5.25%; and (3) the underwriter's discount shall not exceed 0.90% of the principal amount of the Series 2014B Bonds, exclusive of original issue premium or discount.

All costs of issuing the Series 2014B Bonds (including, without limitation, underwriter's compensation, the fees and expenses of bond counsel, the fees of the paying agent and registrar,

rating agency fees, printing expenses relating to the preliminary official statement and official statement, and the costs of printing the Series 2014B Bonds) shall be paid by the City.

4.03. The City Manager and the Fiscal Services Director, or the Deputy City Manager in the absence or unavailability of either, are hereby authorized and directed to approve the principal amounts, purchase price, maturity dates, interest rates and redemption provisions of the Series 2014B Bonds and compensation to the Purchaser, subject to the conditions contained in the preceding paragraph and in the Act. Upon approving such terms, the City Manager, Fiscal Services Director and/or the Deputy City Manager are hereby authorized and directed to approve, execute and deliver to the Purchaser a bond purchase agreement (the “Bond Purchase Agreement”) containing the agreement of the City to sell, and the agreement of the Purchaser to purchase, the Series 2014B Bonds on the terms so approved, and containing such other provisions as the City Manager, Fiscal Services Director and/or Deputy City Manager shall deem necessary and appropriate. The execution and delivery by the City Manager, the Fiscal Services Director and/or the Deputy City Manager of the Bond Purchase Agreement shall be conclusive as to the approval of such officers or employees of the terms of the Series 2014B Bonds and the agreement of the City to sell the Series 2014B Bonds on such terms in accordance with the provisions thereof.

Section 5. Preliminary Official Statement. The City Manager and the Fiscal Services Director, in cooperation with the Dorsey & Whitney LLP, the City’s bond counsel, and the Purchaser, are hereby authorized and directed to prepare on behalf of the City, a Preliminary Official Statement, to be distributed by the Purchaser to prospective purchasers of the Series 2014B Bonds. The Official Statement shall contain such information as shall be advisable and necessary to describe accurately the City and the security for, and the terms and conditions of, the Series 2014B Bonds. The Fiscal Services Director is authorized on behalf of the City to deem the Preliminary Official Statement near “final” as of its date, in accordance with Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934.

Section 6. Continuing Disclosure. To permit the Purchaser and other participating underwriters in the primary offering of the Series 2014B Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”), the City will covenant and agree, for the benefit of the registered holders and beneficial owners from time to time of the outstanding Series 2014B Bonds, to provide annual reports of specified information and notice of the occurrence of certain events. A description of the undertaking is set forth in the Preliminary Official Statement.

Section 7. Bond Resolution. The form of the Series 2014B Bonds and the final terms and conditions thereof shall be prescribed by a subsequent resolution to be adopted by this Commission.

PASSED AND APPROVED by the City Commission of the City of Great Falls,  
Montana, this 17th day of December, 2013.

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Michael J. Winters, Mayor

Attest:

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Lisa Kunz, City Clerk

APPROVED FOR LEGAL CONTENT:

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Sara R. Sexe, City Attorney

**EXHIBIT A**

**DEBT SERVICE ON LIMITED TAX OBLIGATIONS<sup>1</sup>**

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Waterpark lease	167,935.00	167,935.00	—	—	—	—	—	—	—	—	—
Engineering											
Intercap loan	40,185.75	40,545.61	40,911.96	41,286.59	41,668.02	42,056.92	21,152.76	—	—	—	—
Series 2014B Bonds	89,137.50	163,000.00	163,000.00	163,000.00	163,000.00	163,000.00	163,000.00	163,000.00	163,000.00	10,525.00	—
SILD 1302	783.81	812.12	841.80	873.00	905.68	951.72	963.03	—	—	—	—
SILD 1304	2,752.30	2,851.73	2,955.92	3,065.45	3,180.26	3,300.69	3,423.49	—	—	—	—
SILD 1306	973.85	1,008.58	1,044.97	1,083.25	1,123.34	1,165.41	1,209.51	1,254.38	—	—	—
SILD 1308	2,428.22	2,500.43	2,575.65	2,654.27	2,736.18	2,821.61	2,910.62	3,003.64	3,097.13	—	—
SILD 1310	1,727.99	1,779.03	1,832.20	1,887.80	1,945.71	2,006.11	2,069.04	2,134.80	2,203.31	1,125.61	—
SILD 1303	1,569.19	1,601.15	1,634.13	1,668.25	1,703.47	1,739.83	1,777.34	1,816.17	1,856.22	1,895.89	—
SILD 1305	<u>1,107.16</u>	<u>1,129.43</u>	<u>1,152.41</u>	<u>1,176.20</u>	<u>1,200.73</u>	<u>1,226.07</u>	<u>1,252.22</u>	<u>1,279.28</u>	<u>1,307.19</u>	<u>1,336.03</u>	<u>1,364.43</u>
<b>Total</b>	<u>308,600.77</u>	<u>383,163.09</u>	<u>215,949.05</u>	<u>216,694.80</u>	<u>217,463.39</u>	<u>218,268.35</u>	<u>197,758.01</u>	<u>172,488.28</u>	<u>171,463.85</u>	<u>14,882.53</u>	<u>1,364.43</u>

<sup>1</sup> Assumes refunding of Series 2005 Note and issuance of Series 2014B Bonds at an assumed interest rate of 5.25% payable over 10 years.