

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. 9796, entitled: "RESOLUTION OF INTENTION TO APPROVE A DEVELOPMENT PROJECT PROPOSED BY WEST BANK PROPERTIES, LLC (WEST BANK PROPERTIES PROJECT) AND ASSOCIATED PUBLIC IMPROVEMENTS AS AN URBAN RENEWAL PROJECT AND TO AUTHORIZE FINANCING THE PUBLIC IMPROVEMENTS WITH TAX INCREMENT REVENUES; CALLING FOR A PUBLIC HEARING THEREON; AND ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Commission of the City at a meeting on November 18, 2008, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 Commission Members voted in favor thereof: _____
_____; voted against
the same: _____; abstained from voting thereon: _____
_____; or were absent: _____.

WITNESS my hand officially this _____ day of _____, 2008.

Lisa Kunz, City Clerk

RESOLUTION NO. 9796

RESOLUTION OF INTENTION TO APPROVE A
DEVELOPMENT PROJECT PROPOSED BY WEST BANK
PROPERTIES, LLC (WEST BANK PROPERTIES PROJECT)
AND ASSOCIATED PUBLIC IMPROVEMENTS AS AN
URBAN RENEWAL PROJECT AND TO AUTHORIZE
FINANCING THE PUBLIC IMPROVEMENTS WITH TAX
INCREMENT REVENUES; CALLING FOR A PUBLIC
HEARING THEREON; AND ESTABLISHING COMPLIANCE
WITH REIMBURSEMENT BOND REGULATIONS UNDER
THE INTERNAL REVENUE CODE

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

Section 1. Recitals.

1.01. In accordance with Title 7, Chapter 15, Parts 42 and 43 (the “Act”), on March 20, 2007, the Great Falls City Commission (the “Commission”) adopted Amended Ordinance 2967 to create and approve the West Bank Urban Renewal District (the “District”) and Plan (the “Plan”), which contains a tax increment financing provision to help fund rehabilitation and redevelopment projects within the District.

1.02. On September 16, 2008, the Commission established a process to review and evaluate projects and activities proposed by the private sector for use of tax increment funds generated by private sector projects in the District.

1.03. West Bank Properties, LLC, 4415 River Drive North, Great Falls, Montana, (the “Developer”) proposes to develop in the District a mixed use commercial project to include a Staybridge Hotel complex with future sites for a restaurant, office building and retail shops to be located generally along the east side of 3rd Street NW between 1st and 4th Avenues NW (the “West Bank Properties Project”).

1.04. The Developer has identified certain public and related improvements to be constructed and undertaken with respect to the West Bank Properties Project and has requested that tax increment revenues be made available to finance all or a portion of the costs of those improvements.

1.05. On October 3, 2008, the City’s Fiscal Services, Planning, Community Development, Park and Recreation and Public Works department heads and the Assistant City Manager (the “City Staff”) jointly reviewed and evaluated the West Bank Properties Project and funding request and made a report and recommendation (the “City Staff Report”) to the Great Falls Planning Board (the “Planning Board”) to the effect that: the West Bank Properties Project and several specific public improvements as enumerated in Section 2.02 below (the “Public Improvements”) would be beneficial to the public and would result in the rehabilitation and redevelopment of the District; and that the Public Improvements are eligible for tax increment financing in accordance with the Act and the purpose and goals of the District and Plan.

1.06. On October 14, 2008, the Planning Board received, reviewed and considered the City Staff Report, as well as information from a representative of the Developer and has made recommendation to the Commission to the effect that the West Bank Properties Project conforms to the City's Growth Policy, adopted in accordance with Title 76, Chapter 1, and that the West Bank Properties Project and Public Improvements should be approved as an urban renewal project and that tax increment revenues to be used to fund a portion of the Public Improvements.

1.07. Prior to the approval of an urban renewal project, the Commission is required to conduct a public hearing in accordance with Section 7-15-4214, M.C.A. and make certain findings set forth in Section 7-15-4217, M.C.A.

1.08. The Commission desires to act on the recommendations of the City Staff and Planning Board, to call for a public hearing on the West Bank Properties Project and the use of tax increment revenues for the Public Improvements, and to make certain preliminary findings with respect to the West Bank Properties Project and the Public Improvements as more fully provided herein.

Section 2. Project and Public Improvements.

2.01. The West Bank Properties Project. The Developer proposes to develop its 5-1/2 acre parcel in the District which is located along 3rd Street NW, between 1st and 4th Avenues NW, as a mixed use commercial site to include a Staybridge Hotel complex with future sites for a restaurant, office building and retail shops. The initial phase of the West Bank Properties Project shall consist of the design, construction, furnishing and equipping of a 113 room suite hotel, onsite improvements and parking and required public improvements at an estimated cost of \$13,355,125 ("Phase I of the Project"). Of that amount, \$1,198,000 is for improvements that the Developer has requested to be funded from tax increment revenues.

2.02. The Public Improvements. The City Staff and Planning Board have recommended that the City finance from tax increment revenues, to the extent available, up to \$900,000 of the costs of Public Improvements, consisting of: burying existing power lines; installation of water, sanitary sewer and storm sewer utilities; and construction and installation of roads, curbs, gutters and sidewalks.

Section 3. Preliminary Findings.

The City Commission hereby finds, with respect to the West Bank Properties Project, the Public Improvements and the funding request described herein, as follows:

- a) no persons will be displaced from their housing by the West Bank Properties Project;
- b) the West Bank Properties Project and Public Improvements substantially satisfy the review criteria of the funding application process and meet the purpose and goals of the Act, the West Bank Urban Renewal District and Plan;
- c) the West Bank Properties Project and Public Improvements will be beneficial to the public and will result in the rehabilitation and redevelopment of the District;

d) the West Bank Properties Project and Public Improvements conforms to the City's Growth Policy;

e) the West Bank Properties Project and Public Improvements affords maximum opportunity consistent with the sound needs of the City as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; and

f) there is a feasible and workable plan of financing for the West Bank Properties Project and Public Improvements as more particularly described in Section 4 hereof.

Section 4. Plan of Financing and Development Agreement. Based on representations of the Developer, the Developer has adequate resources to undertake and complete the West Bank Properties Project on a timely basis. It is the understanding of the City that the Developer wishes to proceed with construction of the Public Improvements and has requested that the City reimburse it for the costs of the approved Public Improvements in some manner. Based on the estimated costs of Phase I of the Project and the existing mill levies in the District, the City projects that the tax increment to be generated by Phase I of the Project over the term of 25 years will be sufficient to finance \$900,000 of the costs of the Public Improvements. In preliminarily approving the use of tax increment revenues to finance the costs of the Public Improvements, the City makes no representations or guarantees as to how the reimbursement will be made, when it will be made, or the form the reimbursement will take. The City Staff is authorized to develop and negotiate a development agreement with the Developer regarding the development of the West Bank Properties Project (the "Development Agreement") which shall specify the terms, conditions and financial arrangements, and the design, funding, oversight and construction of the Public Improvements. The Development Agreement shall not be executed and delivered by the City until approved by the Commission.

Section 5. Conditional Approval. The findings and representations in this Resolution are preliminary and subject to testimony presented at the public hearing. The City's ability to reimburse the Developer for the Public Improvements is subject to the availability and adequacy of tax increment revenue and its ability to issue tax increment bonds or notes. In adopting the Resolution and making the preliminary findings contained herein, the City in no way assumes any liability or responsibility for the construction and financing of the Public Improvements or any other of the public infrastructure required to develop the West Bank Properties Project. To be eligible for reimbursement, the Public Improvements must be constructed in accordance with the provisions of the Development Agreement.

Section 6. Reimbursement Provisions.

6.01. 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.

6.02. The City desires to comply with requirements of the Regulations with respect to the Public Improvements.

6.03. Official Intent Declaration.

(a) The City proposes to finance the Public Improvements described in Section 2.02 hereof..

(b) Other than (i) expenditures to be paid or reimbursed from sources other than the Bonds (as hereinafter defined), (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 Public Improvements have heretofore been paid by the City and no expenditures will be paid by the City until after the date of this Resolution.

(c) The City reasonably expects to reimburse the expenditures made for costs of the Public Improvements out of the proceeds of debt in an estimated maximum aggregate principal amount of \$1,000,000 (the “Bonds”) after the date of payment of all or a portion of the costs of the Public Improvements. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the Bonds or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations.

6.04. Budgetary Matters. 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 Public Improvements, other than pursuant to the issuance of the Bonds. The statement of intent contained in this resolution, therefore, is determined to be consistent with the City’s budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof.

6.05. Reimbursement Allocations. The City’s Fiscal Services Director 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 Public Improvements. Each allocation shall be evidenced by an entry on the official books and records of the City maintained for the Bonds or the Public Improvements and shall specifically identify the actual original expenditure being reimbursed.

Section 7. Public Hearing. A public hearing is hereby called and shall be held on December 2, 2008 at 7:00 p.m. in the City Commission Chambers at 2 Park Drive South, Great

Falls, Montana regarding the West Bank Properties Project and the use of tax increment revenues to finance the costs of the Public Improvements.

Section 8. Notice. Notice of the public hearing shall be published in the *Great Falls Tribune* on November 23 and November 30, 2008, in substantially the form attached as Exhibit A hereto (which is incorporated by reference and made a part hereof).

Passed by the City Commission of the City of Great Falls, Montana, this 18th day of November, 2008.

Dona R. Stebbins, Mayor

Attest: _____
Lisa Kunz, City Clerk

APPROVED FOR LEGAL CONTENT

City Attorney

EXHIBIT A

NOTICE OF PUBLIC HEARING ON WEST BANK URBAN RENEWAL PLAN
TO APPROVE A CERTAIN PROJECT AS AN URBAN RENEWAL PROJECT

NOTICE IS HEREBY GIVEN that the City Commission (the “Commission”) of the City of Great Falls, Montana (the “City”) will hold a public hearing regarding approval of a development project proposed by West Bank Properties, LLC (West Bank Properties Project) (the “West Bank Properties Project”) and associated public improvements as an Urban Renewal Project and the financing of certain public improvements with tax increment revenues on December 2, 2008 at 7:00 p.m. in the City Commission Chambers at 2 Park Drive South, Great Falls, Montana.

The West Bank Properties Project as proposed by West Bank Properties, LLC, 4415 River Drive North, Great Falls, Montana, (the “Developer”) consists of a mixed use commercial project to include a 113-room Staybridge Hotel complex, with future sites for a restaurant, office building and retail shops to be located generally along the east side of 3rd Street NW between 1st and 4th Avenues NW. The Developer has identified certain public and related improvements to be constructed and undertaken with respect to the West Bank Properties Project and has requested that tax increment revenues be made available to finance all or a portion of the costs of those improvements. The Commission has preliminarily determined that the following improvements shall be financed from tax increment revenues in an amount not to exceed \$900,000: burying existing power lines; installation of water, sanitary sewer and storm sewer utilities; and construction and installation of roads, curbs, gutters and sidewalks. Any interested persons may appear and will be heard or may file written comments with the Clerk of the Commission prior to such hearing.

Dated: November 18th, 2008.

Lisa Kunz, City Clerk

Publication Dates: November 23, 2008
 November 30, 2008