

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. 9815, entitled: "RESOLUTION RELATING TO \$2,000,000 TAX INCREMENT URBAN RENEWAL REVENUE BONDS, SERIES 2009A (WEST BANK URBAN RENEWAL DISTRICT); RATIFYING THE SALE AND PRESCRIBING THE FORM AND TERMS THEREOF AND THE SECURITY THEREFOR" (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 July 21, 2009, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 and seal officially this _____ day of July, 2009.

Lisa Kunz, City Clerk

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[Not a part of the Resolution; for convenience of reference only.]

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RESOLUTION NO. 9815

RESOLUTION RELATING TO 2,000,000 TAX INCREMENT URBAN RENEWAL REVENUE BONDS, SERIES 2009A (WEST BANK URBAN RENEWAL DISTRICT); RATIFYING THE SALE AND PRESCRIBING THE FORM AND TERMS THEREOF AND THE SECURITY THEREFOR

BE IT RESOLVED by the City Commission of the City of Great Falls, Montana, 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:

A. "Resolution" means this Resolution No. 9815 as originally adopted or as it may from time to time be amended or supplemented pursuant to the applicable provisions hereof.

B. All references in this Resolution to designated sections and other subdivisions are to the designated sections and other subdivisions of this instrument as originally adopted.

C. 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.

D. The terms defined in this Section include the plural as well as the singular.

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

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

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

H. For purposes of amendments to this Resolution, direction of remedies and waivers of default, Outstanding Notes shall be treated as "Bonds" Outstanding under this Resolution and Owners of such Notes shall have the rights given Owners of Bonds in such circumstances.

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 the Urban Renewal Law, Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended or supplemented.

Additional Bonds shall mean any Bonds issued pursuant to Section 4.02 or 4.03.

Bond Account shall mean the account so designated in the Tax Increment Bond Fund.

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.

Bond Registrar shall mean, with respect to the Series 2009A Bonds, U.S. Bank National Association, of Seattle, Washington, or any successor appointed pursuant to Section 3.03, and, with respect to any series of Additional Bonds, the Person or Persons designated by or pursuant to this Resolution or a Supplemental Resolution to receive and disburse the principal of, premium, if any, and interest on the Bonds on behalf of the County and to hold and maintain the Bond Register.

Bondowner shall mean the Owner of a Bond.

Bonds shall mean the Series 2009A Bonds and any Additional Bonds.

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 Paying Agent and Bond Registrar for such series of Bonds is not open for business.

City shall mean the City of Great Falls, Montana, or its successors.

City Resolution shall mean a resolution, ordinance or other appropriate enactment by the Commission certified by the City Clerk to have been duly adopted and to be in full force and effect.

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

Construction Account shall mean the account so designated in the Tax Increment Capital Project Fund.

Commission shall mean the City Commission of the City or any successor governing body thereof.

District shall mean the West Bank Urban Renewal District, or any successor to its functions.

Financial Consultant shall mean an Independent Person selected by the City, qualified to study urban renewal areas and projects and tax increment financing plans, and in the judgment of the Commission, having a favorable repute for skill and experience in such work.

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 the Commission 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 is 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.

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 Account shall mean the subaccount so designated in the Bond Account.

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

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

Note shall mean any note issued in anticipation of the issuance of Bonds pursuant to Section 4.05.

Opinion of Counsel shall mean a written opinion of counsel, who may (except as otherwise expressly provided in this Resolution) be counsel for the City.

Ordinance shall mean Amended Ordinance No. 2967, adopted by the Commission on March 20, 2007, as such may be further amended or supplemented in accordance with the Act, the Ordinance and this Resolution.

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 2009A Bonds is D.A. Davidson & Co., of Great Falls, Montana.

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

- (i) Bonds or Notes 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 Government Obligations (as provided in Section 8) shall have been theretofore deposited in trust for the Owners 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 or Notes in exchange for or in lieu of which other Bonds or Notes shall have been issued and delivered pursuant to this Resolution;

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

Owner shall mean, with respect to any Bond, the Person in whose name such Bond is registered in the Bond Register.

Paying Agent shall mean the Person designated by or pursuant to this Resolution to receive and disburse the principal of, premium, if any, and interest on the Bonds of a series on behalf of the City.

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.

Plan shall mean the West Bank Urban Renewal Plan adopted by the Commission on March 20, 2007, including all further amendments thereof adopted in accordance with the Act.

Principal and Interest Requirements shall mean, with respect to any Bonds and for any Fiscal Year or other specified period, the amount required to pay the principal of and interest on such Bonds during such Fiscal Year or other period, determined on the assumption that each Serial Bond is to be paid on its Stated Maturity and each Term Bond is to be paid on the Sinking Fund Payment Dates according to the mandatory redemption requirements established for such Term Bond by the applicable section of this Resolution or any Supplemental Resolution.

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

Project shall mean the 2009 Project and any urban renewal project undertaken in or with respect to the Urban Renewal Area under the Act, the costs of which are to be paid, in whole or in part, from the proceeds of Bonds.

Qualified Investments shall mean the investments described as such in Section 5.06.

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

Redemption Price when used with respect to any Bond to be redeemed shall mean the price at which it is to be redeemed.

Reserve Account shall mean the account so designated in the Tax Increment Bond Fund.

Reserve Requirement shall mean, as of the date of calculation, an amount equal to the lesser of: (1) the maximum Principal and Interest Requirements on Outstanding Bonds for the then current or any future calendar year, or (2) ten percent (10%) of the aggregate original principal amount of all series of Bonds any Bond of which is then Outstanding.

Serial Bonds shall mean Bonds which are not Term Bonds.

Series 2009A Bonds shall mean the City's Tax Increment Urban Renewal Revenue Bonds, Series 2009A (West Bank Urban Renewal District), issued in the original aggregate principal amount of \$2,000,000.

Sinking Fund Account shall mean the subaccount so designated in the Bond Account.

Sinking Fund Payment Date shall mean a date set forth in any applicable provision of this Resolution or a Supplemental Resolution for the making of a mandatory principal payment for the redemption of a Term Bond.

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 any bonds, notes or obligations of the City issued on a subordinate basis to the Bonds as to the Tax Increment pursuant to Section 4.04.

Supplemental Resolution shall mean any resolution supplemental to this Resolution adopted pursuant to Section 7.

Tax Increment shall mean the amount received by the City pursuant to the Act and the Plan from the extension of levies of Taxes (expressed in mills), against the incremental taxable value, as defined in the Act, of all taxable property within the Urban Renewal Area, and shall include any payments in lieu of Taxes attributable to the incremental taxable value, and all payments received by the City designated as replacement revenues for lost Tax Increment, as provided in Section 6.13.

Tax Increment Capital Project Fund shall mean the fund established pursuant to Section 5.01.

Tax Increment Bond Fund shall mean the fund established pursuant to Section 5.01.

Tax Increment Development Fund shall mean the fund established pursuant to Section 5.01.

Taxes shall mean all taxes levied on an ad valorem basis by a Taxing Body against taxable real and personal property located within the Urban Renewal Area (exclusive of the six-mill levy for university purposes levied by the State) and shall include all payments in lieu of taxes received by the City with respect to property within the Urban Renewal Area.

Taxing Body shall mean the City; Cascade County, Montana; School District No. 1 (Great Falls), Cascade County, Montana; High School District No. A (Great Falls), Cascade County, Montana; the Great Falls Transit District; the State of Montana; and any other political subdivision or governmental unit which may hereafter levy Taxes against property within the Urban Renewal Area.

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

2009 Project shall mean the Project described in Section 1.04.

Urban Renewal Area shall mean the City of Great Falls West Bank Urban Renewal District, created and established pursuant to the Act and the Ordinance, as such area may be enlarged or reduced in accordance with the Act and the Ordinance.

1.02. Authorization. Under the provisions of the Act, the City is authorized to create urban renewal areas, prepare and adopt an urban renewal plan therefor and amendments thereto, undertake urban renewal projects therein, provide for the segregation and collection of tax increment with respect to taxes collected in such areas, issue its bonds to pay the costs of such projects and to refund bonds previously issued under the Act and pledge to the repayment of the bonds the tax increment and other revenues derived from projects undertaken within the Urban Renewal Area.

1.03. Prior City Actions. Pursuant to the Act, the City has determined that blighted property is located within the Urban Renewal Area, and that the rehabilitation, redevelopment or a combination thereof is necessary for the public health, safety, morals or welfare of the residents of the City, and the Commission has adopted the Plan which provides for the segregation and collection of Tax Increment with respect to the Urban Renewal Area. The Urban Renewal Area and the Plan providing for the segregation and collection of the Tax Increment have been duly and validly created and adopted in strict accordance with applicable provisions of the Act and are in full force and effect.

1.04. The 2009 Project. Pursuant to the Act and Ordinance No. 3028, adopted on December 16, 2008, the City designated and approved, following a public hearing of which notice was duly given, undertaking a survey of the historical and cultural resources in the District to assure preservation and enhancements in the redevelopment of the District (the "Historical & Cultural Inventory Study"); various improvements to the City's West Bank Park including improved access, parking lot, fire protection, landscaping, and rehabilitation of facilities; the 4th Avenue NW Reconstruction Project consisting of a track crossing and rail signals, realignment and reconstruction of 4th Avenue NW, including land acquisition; improvements to the intersection with 3rd Street NW; the extension and looping of the City's water main to connect 3rd

Street NW to Central Avenue West and the Federal Courthouse; relocation of existing utilities; and cleanup as necessary of contaminated soils (the “Brownfield Cleanup”) (collectively, the “Public Projects”) (together with the Federal Courthouse, the “Federal Courthouse/4th Avenue NW Project”).

1.05. Federal Courthouse/4th Avenue NW Project. BC Development of Kansas City, Missouri (the “Developer”) is in the process of constructing a 64,133 square foot building which will be leased to the United States General Accounting Office (the “GAO”) for use as the Federal Courthouse (the “Federal Courthouse”). Construction of the Federal Courthouse is expected to be completed and available for occupancy in early summer 2009. The Developer and the GAO have entered into a lease which among other things provides that notwithstanding the federal government’s use of the Federal Courthouse, it will be subject to real and personal property tax which will be paid by the Developer as Lessor. The construction and installation of certain public improvements are necessary for the development of the Federal Courthouse, in particular the extension of the City’s water main to serve the Federal Courthouse and the reconstruction of 4th Avenue NW.

1.06. Estimated Costs of 2009 Project. The estimated costs of completing the Federal Courthouse, exclusive of any costs of the Public Projects described in Section 1.04, is \$16,400,000, and the City Staff has estimated that costs of designing, engineering, constructing and implementing the Public Projects is approximately \$1,763,00. The total costs of the Public Project including costs associated with the sale and issuance and security of the Series 2009A Bonds to be authorized herein are as follows:

Construction Costs	\$1,763,000.00
Costs of Issuance of the Bonds	45,766.00
Underwriter’s Discount	35,000.00
Debt Service Reserve Fund	156,530.00
<u>Total Application of Funds</u>	<u>\$2,000,296.00</u>

1.07. Authorization and Sale of Series 2009A Bonds; Official Statement. This Commission determined by Ordinance No. 3028, adopted on December 16, 2008, and Resolution No. 9814, adopted on March 3, 2009 (the “Parameters Resolution”) that it is in the best interests of the City that the City issue its Series 2009A Bonds, as authorized by Section 7-15-4301(1)(b) of the Act and this Resolution, in order to provide funds to pay the costs of the 2009 Project, to fund a deposit to the Reserve Account and to pay costs of issuance of the Series 2009A Bonds. Pursuant to Ordinance No. 3028 and the Parameters Resolution, this Commission, authorized the negotiated sale of the Series 2009A Bonds to D.A. Davidson & Co., of Great Falls, Montana (the “Original Purchaser”) and authorized the Mayor, the City Manager, the City Clerk and the City Fiscal Services Director to enter into a Bond Purchase Agreement with the Original Purchaser (the “Bond Purchase Agreement”). Pursuant to the Bond Purchase Agreement, dated as of July 9, 2009, the Original Purchaser agreed to purchase the Series 2009A Bonds at the aggregate purchase price of \$1,965,296.00 (representing the par amount of the Bonds, less Underwriter’s compensation of \$35,000 plus a net reoffering premium of \$296.00), subject to the terms and conditions of the Bond Purchase Agreement and this Resolution. The terms of the purchase as

reflected in the Bond Purchase Agreement are consistent with the Parameters Resolution. The provisions of this Resolution shall control any conflict.

The Series 2009A Bonds have been offered for sale by the Original Purchaser thereof by means of an Official Statement, dated July 9, 2009 (the "Official Statement"). The City hereby consents to the distribution of the Official Statement to prospective purchasers of the Series 2009A Bonds and this Commission hereby authorizes and directs the Mayor, the City Manager, the City Clerk and the City Fiscal Services Director to execute such certificates relating to the accuracy and completeness of the Official Statement as may be appropriate. The determination by the City Manager, or in his absence or disability, the acting City Manager or the City Fiscal Services Director that the Preliminary Official Statement was "final" as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 is hereby ratified and confirmed.

1.08. Estimate of Tax Increment. The City (with assistance from the Department of Revenue) estimates that the annual tax increment resulting from the Project will be \$174,982. Based on that estimate and actual collections of tax increment for fiscal year ending June 30, 2009, it is estimated that the Tax Increment to be received in each of the Fiscal Years the Series 2009A Bonds that will be outstanding will be at least \$189,982. The maximum amount of principal and interest on the Series 2009A Bonds is \$156,530.

1.09. Findings and Determinations. It is hereby found, determined and declared by this Commission as follows:

(a) the conditions precedent to the issuance of the Series 2009A Bonds under the Act, the Ordinance and this Resolution have or shall be met prior to the issuance of the Series 2009A Bonds;

(b) the estimated Tax Increment to be received by the City, as set forth in Section 1.08, and pledged to the payment of the Series 2009A Bonds will be sufficient to pay the principal thereof and interest thereon when due; and

(c) it is in the best interests of the City to issue and sell the Series 2009A Bonds to provide funds to pay a portion of the costs of the 2009 Project as provided in this Resolution.

Section 2. The Bonds.

2.01. General Title. The general title of the Bonds of all series shall be "Tax Increment Urban Renewal Revenue Bonds," with appropriate additions for refunding Bonds and to distinguish Bonds of each series from Bonds of other series.

2.02. General Limitations; Issuable in Series. The aggregate principal amount of Bonds that may be authenticated and delivered and Outstanding under this Resolution is not limited, except as provided in Section 4 and except as may be limited by law.

The Bonds may be issued in series as from time to time authorized by the Commission.

The Bonds are special, limited obligations of the City. Principal of, premium, if any, and interest on the Bonds (except to the extent payable out of proceeds of the Bonds) are payable solely from the Tax Increment and from other revenues derived by the City from Projects or other sources which may be pledged to the payment of any series of Bonds. The Bonds shall not pledge the general credit or taxing powers of the City, and the State of Montana shall not in any event be liable for the payment of the principal of, premium, if any, or interest on the Bonds or for the performance of any pledge of any kind whatsoever that may be undertaken by the City. Neither the Bonds nor any of the agreements or obligations of the City contained herein or therein shall be construed to constitute an indebtedness of the State of Montana, the City or Cascade County within the meaning of any constitutional or statutory provisions whatsoever.

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 figures designed to distinguish that series.

If any Stated Maturity, Redemption Date or Sinking Fund Payment Date shall be on a day which is not a Business Day, then payment of principal, premium, if any, or interest due on such day 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).

2.03. Terms of Particular Series. Each series of Bonds (except the Series 2009A Bonds, which are created by Section 3) shall be created by a Supplemental Resolution. The Bonds of each series (other than the Series 2009A Bonds, as to which specific provision is made in 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 at such rate or rates, from such date or dates, 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. 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:

- A. a sinking, amortization, improvement or other analogous fund;
- B. limiting the aggregate principal amount of the Bonds of that series or of all Additional Bonds thereafter issued;
- C. exchanging Bonds of that series, at the option of the Owners thereof, for other Bonds of the same series of the same aggregate principal amount of a different authorized kind and/or authorized denomination or denominations; or
- D. the issuance of Bonds not registered as to principal or interest and the exchange of such Bonds for fully registered Bonds;

all upon such terms as the City may determine. All Bonds of the same series shall be substantially identical except as to denomination and the differences specified herein or in a Supplemental Resolution between interest rates, Stated Maturities and redemption provisions.

2.04. Form and Denominations. The form of the Bonds (other than the Series 2009A Bonds, as to which specific provision is made in Section 3) shall be established by the Supplemental Resolution creating such series. The Bonds of each series shall be distinguished from the Bonds of other series in such manner as the Commission may determine.

The Bonds of any series shall be issuable as fully registered Bonds unless the Supplemental Resolution provides otherwise.

The Bonds of each series shall be issuable in such denominations as shall be provided in the provisions of the Supplemental Resolution creating such series (other than the Series 2009A Bonds, as to which specific provision is made in 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.

2.05. Execution, Authentication and Delivery. Each Bond shall be executed on behalf of the City by the manual or facsimile signature of the Mayor, City Manager and the City Fiscal Services Director, and attested by the signature of the City Clerk (or other officers of the City authorized by City Resolution); provided that if required by applicable laws, one such signature on each Bond shall be a manual signature. The seal of the City need not be affixed to or imprinted on any Bond. Any Bond bearing the manual or facsimile signature of an individual who was at any time an appropriate officer of the City shall be valid and sufficient for all purposes, regardless whether such individual held such office as of the date of sale, issue or delivery of such Bond or certificate. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this 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 Bond Registrar. Certificates of authentication on each Bond need not be signed by the same representative. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution and in accordance with the provisions hereof.

2.06. 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, in registered form, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such Bonds may determine, as evidenced by their signing 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 Owner. Upon surrender for cancellation of any one or more temporary Bonds the City shall execute 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 security and benefits under this Resolution, and interest thereon, when and as payable, shall be paid to the bearers of the temporary Bonds upon presentation thereof for notation of such payment thereon, unless such temporary Bonds shall be fully registered Bonds.

Section 3. The Series 2009A Bonds.

3.01. Denomination, Maturities, Payment and Date of Series 2009A Bonds. The Series 2009A Bonds to be issued hereunder, in the aggregate principal amount of \$2,000,000, shall be denominated “Tax Increment Urban Renewal Revenue Bonds, Series 2009A (West Bank Urban Renewal District),” shall be issued as fully registered bonds of single Stated Maturities in any denomination which is an integral multiple of \$5,000. The Series 2009A Bonds shall mature on July 1 in the years and principal amounts set forth below, and Series 2009A Bonds maturing in such years and principal amounts shall bear interest from the date of original issue until paid or duly called for redemption at the rates per annum set forth opposite such years and amounts, respectively:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	\$50,000	3.00%
2012	50,000	3.00%
2013	50,000	3.33%
2014	50,000	3.70%
2015	55,000	4.00%
2016	55,000	4.20%
2017	60,000	4.50%
2018	60,000	4.65%
2019	65,000	4.85%
2024*	380,000	5.20%
2029*	480,000	5.55%
2034*	645,000	5.80%

*Term bond subject to mandatory sinking fund redemption as set forth in Section 3.02 below

Interest shall be calculated on the basis of a year of 360 days composed of twelve 30-day months.

The Series 2009A Bonds shall be issuable only in fully registered form, and the ownership of the Series 2009A Bonds shall be transferred only upon the Bond Register of the City hereinafter described. Principal of and interest on the Series 2009A Bonds are payable in lawful money of the United States of America. Principal and premium, if any, shall be payable by check or draft drawn on the Paying Agent hereinafter described upon presentation and surrender of the Series 2009A Bonds at maturity or upon redemption at the principal office of the Paying Agent. Interest on the Series 2009A Bonds shall be payable semiannually on each January 1 and July 1 in each year, commencing January 1, 2010, by check or draft of the Paying Agent mailed to the owners of record thereof as such appear in the Bond Register as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a Business Day.

Each Series 2009A Bond shall bear an original issue date as of the date of its delivery, which is expected to be on or about July 30, 2009. Upon delivery of the Series 2009A Bonds to the Original Purchaser thereof pursuant to Section 3.05 or upon the delivery of Series 2009A

Bonds upon a transfer or exchange pursuant to Section 3.02, the Bond Registrar shall date each such Series 2009A Bond so delivered as of the date of its authentication.

3.02. System of Registration. The City shall appoint, and shall maintain, a bond registrar, transfer agent and paying agent for the Series 2009A Bonds (the Bond Registrar). This Section 3.02 shall establish a system of registration for the Series 2009A Bonds as defined in the Model Public Obligations Registration Act of Montana, and shall govern in the event provisions of the Resolution relating to registration, transfer or exchange of Series 2009A Bonds are inconsistent herewith, except as otherwise provided in Section 3.08. The effect of registration and the rights and duties of the City and the Bond Registrar with respect thereto shall be as follows:

(a) Bond Register. The Bond Registrar shall keep at its principal office a Bond Register in which the Bond Registrar shall provide for the registration of ownership of Series 2009A Bonds and the registration of transfers and exchanges thereof.

(b) Transfer. Upon surrender for transfer of any Series 2009A Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Bond Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Series 2009A Bonds of the same series and a like aggregate principal amount, interest rate and maturity as requested by the transferor. The Bond Registrar may, however, close the books for registration of the transfer of any Series 2009A Bond or portion thereof selected or called for redemption.

(c) Exchange. Whenever any Series 2009A Bond is surrendered by the registered owner for exchange, the Bond Registrar shall authenticate and deliver one or more new Series 2009A Bonds of the same series and a like aggregate principal amount, interest rate and maturity, as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. All Series 2009A Bonds surrendered upon any transfer or exchange shall be promptly cancelled by the Bond Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When any Series 2009A Bond is presented to the Bond Registrar for transfer, the Bond Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Series 2009A Bond or separate instrument of transfer is legally authorized. The Bond Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Bond Registrar may treat the Person in whose name any Series 2009A Bond is at any time registered in the Bond Register as the absolute owner of such Series 2009A Bond, whether such Series 2009A Bond shall be overdue or not, for the purpose of receiving payment of, or on account of,

the principal of, premium, if any, and interest on such Series 2009A 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 2009A Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Series 2009A Bonds (except upon a partial redemption of a Series 2009A Bond pursuant to Section 3.04), the Bond Registrar may impose a charge upon the owner thereof sufficient to reimburse the Bond Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Series 2009A Bonds. In case any Series 2009A Bond shall become mutilated or be lost, stolen or destroyed, the Bond Registrar shall deliver a new Series 2009A Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Series 2009A Bond or in lieu of and in substitution for any such Series 2009A Bond lost, stolen or destroyed, upon the payment of the reasonable expenses and charges of the Bond Registrar in connection therewith; and, in the case of a Series 2009A Bond lost, stolen or destroyed, upon filing with the Bond Registrar of evidence satisfactory to it that such Series 2009A Bond was lost, stolen or destroyed, and of the ownership thereof, and upon furnishing to the Bond Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the City and the Bond Registrar shall be named as obligees. All Series 2009A Bonds so surrendered to the Bond Registrar shall be cancelled by it and evidence of such cancellation shall be given to the City. If the mutilated, lost, stolen or destroyed Series 2009A Bond has already matured or such Series 2009A Bond has been called for redemption in accordance with its terms, it shall not be necessary to issue a new Series 2009A Bond prior to payment.

3.03. Initial Bond Registrar and Paying Agent. The City hereby appoints U. S. Bank National Association, of Seattle, Washington, as the initial Bond Registrar and the Paying Agent for the Series 2009A Bonds. The City reserves the right to appoint a successor Bond Registrar or Paying Agent, and the City agrees to pay the reasonable and customary charges of the Bond Registrar and the Paying Agent for the services performed. Upon merger or consolidation of a bank or trust company that is acting as the Bond Registrar or the Paying Agent, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Bond Registrar or Paying Agent, as the case may be. The City reserves the right to remove any Bond Registrar or Paying Agent upon 30 days' notice and upon the appointment of a successor Bond Registrar or Paying Agent, in which event the predecessor Bond Registrar or Paying Agent shall deliver all cash and Series 2009A Bonds in its possession as Bond Registrar or Paying Agent to the successor Bond Registrar or Paying Agent and shall deliver the Bond Register to the successor Bond Registrar. On or before each principal or interest due date, without further order of this Commission, the City Fiscal Services Director shall transmit to the Bond Registrar, solely from money in the Bond Account of the Tax Increment Fund available therefor, money sufficient for the payment of all principal, premium, if any, and interest then due on the Series 2009A Bonds.

3.04. Redemption.

(a) Optional Redemption. The Series 2009A Bonds with stated maturities in years 2011 through 2020 shall not be subject to redemption prior to maturity, but Series 2009A Bonds having stated maturities in the years 2021 and any date thereafter, will be subject to redemption and prepayment at the option of the City, in whole or in part, and if in part in principal amounts and from Stated Maturities selected by the City, and within a Stated Maturity in \$5,000 principal amounts selected by lot or such other manner as determined by the Paying Agent, on July 1, 2020 and any date thereafter, at a price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date, without premium.

(b) Mandatory Sinking Fund Redemption. The Series 2009A Bonds having Stated Maturities in the years 2024, 2029 and 2034 are Term Bonds and are subject to mandatory sinking fund redemption prior to maturity on July 1 in the respective years and the respective principal amounts set forth below, in \$5,000 principal amounts selected by the Bond Registrar, by lot or other manner it deems fair, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued thereon to the redemption date:

2024 Term Bond		2029 Term Bond		2034 Term Bond	
Mandatory Sinking Fund Redemption Date	Redemption Amount	Mandatory Sinking Fund Redemption Date	Redemption Amount	Mandatory Sinking Fund Redemption Date	Redemption Amount
July 1, 2020	\$70,000	July 1, 2025	\$85,000	July 1, 2030	\$115,000
July 1, 2021	\$70,000	July 1, 2026	\$90,000	July 1, 2031	\$120,000
July 1, 2022	\$75,000	July 1, 2027	\$95,000	July 1, 2032	\$125,000
July 1, 2023	\$80,000	July 1, 2028	\$100,000	July 1, 2033	\$140,000
July 1, 2024*	\$85,000	July 1, 2029*	\$110,000	July 1, 2034*	\$145,000

*Maturity

The Bond Registrar shall select the Series 2009A Term Bonds to be redeemed on each Sinking Fund Payment Date in accordance with Section 3.04, and the Series 2009A Bonds selected by the Bond Registrar shall become due and payable on such date. The City may reduce the amount of any Mandatory Sinking Fund Payment payable on any Sinking Fund Payment Date or Dates by an amount equal to the principal amount of Outstanding Series 2009A Term Bonds then to be redeemed that shall be surrendered uncanceled by the City to the Bond Registrar; provided that the City shall have surrendered such Series 2009A Term Bonds to the

Bond Registrar not less than forty-five days before the first such Sinking Fund Payment Date, together with a City Certificate stating its election to use such Series 2009A Term Bonds for such purpose and designating the Sinking Fund Payment Date or Dates as to which such credit is to be applied (if no such designation is made, such credits shall be applied in inverse order of Sinking Fund Payment Dates). In such case, the City may reduce the amount of Series 2009A Bonds to be redeemed on the Sinking Fund Payment Date or Dates so determined by the principal amount of Series 2009A Term Bonds so surrendered by the City.

If Series 2009A Term Bonds are redeemed at the option of the City pursuant to Subsection (a) of this Section 3.04, the Series 2009A Bonds so optionally redeemed may, at the option of the City, be applied as a credit against any subsequent Mandatory Sinking Fund Payment or Payments with respect to Series 2009A Term Bonds, such credit to be equal to the principal amount of such Series 2009A Term Bonds redeemed pursuant to Subsection (a) of this Section 3.04; provided that the City shall have delivered to the Bond Registrar not less than forty-five (45) days before the first such Sinking Fund Payment Date a City Certificate stating its election to apply such Series 2009A Term Bonds as such a credit and designating the Sinking Fund Payment Date or Dates as to which such credit is to be applied (if no such designation is made, such credits shall be applied in inverse order of Sinking Fund Payment Dates). In such case, the City may reduce the amount of Series 2009A Bonds to be redeemed on the Sinking Fund Payment Date or Dates so determined by the principal amount of Series 2009A Bonds of the same Stated Maturity so redeemed pursuant to Subsection (b) of this Section 3.04.

Any credit given to Mandatory Sinking Fund Payments pursuant to this Section 3.04(b) shall not affect any other Mandatory Sinking Fund Payments, which shall remain payable as otherwise provided in this Section 3.04(c), unless and until another credit is given in accordance with the provisions hereof.

(c) Notice of Redemption. The City Fiscal Services Director shall give notice thereof to the Registrar at least forty-five days prior to the date of redemption. The Registrar shall, at least thirty days prior to the designated redemption date, cause notice of redemption to be mailed, by first class mail, to the registered owners of each Series 2009A Bond to be redeemed at their addresses as they appear on the bond register described in Section 3.02, but no defect in or failure to give such mailed notice shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. The notice of redemption shall specify the redemption date, redemption price, the numbers, interest rates and CUSIP numbers of the Bonds to be redeemed and the place at which the Bonds are to be surrendered for payment, which is the principal office of the Registrar. Notice of the call of any Series 2009A Bond for redemption having been mailed as herein provided, and funds sufficient for the payment thereof with accrued interest having been deposited with the Paying Agent on or before the redemption date, interest on such Series 2009A Bond shall cease to accrue on said date, and the Owner shall have no further rights with respect thereto or under the Resolution except to receive the redemption price so deposited.

In addition to the notice prescribed by the preceding paragraph, the City Fiscal Services Director shall also give, or cause the Bond Registrar to give, notice of the redemption of any Series 2009A Bond or Bonds or portions thereof at least 35 days before the Redemption Date by certified mail, telecopy or express delivery service to the Original Purchaser of the Series 2009A

Bonds and all registered securities depositories then in the business of holding substantial amounts of obligations of the character of the Series 2009A Bonds (such depositories now being The Depository Trust Company, of New York, New York) and the one or more national information services that disseminate information regarding municipal bond redemptions; provided that any defect in or any failure to give any notice of redemption prescribed by this paragraph shall not affect the validity of the proceedings for the redemption of any Series 2009A Bond or portion thereof.

3.05. Execution and Delivery of Series 2009A Bonds. The Series 2009A Bonds shall be forthwith prepared for execution under the direction of the City Clerk, at the expense of the City, and shall be executed on behalf of the City and authenticated as provided in Section 2.05. When the Series 2009A Bonds have been fully executed and authenticated, they shall be delivered by the Bond Registrar to the Original Purchaser thereof upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Original Purchaser thereof shall not be obligated to see to the application of the purchase price.

3.06. Form of Series 2009A Bonds. The Series 2009A Bonds shall be in substantially the form set forth in Exhibit B hereto (which is hereby incorporated herein and made a part hereof), with such appropriate variations, omissions and insertions as are permitted or required by this Resolution.

3.07. Transcript Certification. The officers of the City are directed to furnish to the Original Purchaser of the Series 2009A Bonds and to Bond Counsel certified copies of all proceedings and information in their official records relevant to the authorization, sale and issuance of the Series 2009A 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 2009A 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.

3.08. Securities Depository.

(a) For purposes of this Section 3.08, the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Series 2009A Bond, the Person in whose name such Series 2009A Bond is recorded as the beneficial owner of such Series 2009A Bond by a Participant on the records of such Participant, or such Person’s subrogee.

“CEDE & Co.” shall mean CEDE & CO., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2009A Bonds.

“DTC” shall mean The Depository Trust Company, of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds Series 2009A Bonds as securities depository.

“Representation Letter” shall mean the Blanket Issuer Letter of Representation executed by the City to DTC pursuant to which the City agrees to comply with DTC’s Operational Arrangements.

(b) The Series 2009A Bonds shall be initially issued as separately authenticated fully registered bonds, and one Series 2009A Bond shall be issued in the principal amount of each Stated Maturity of the Series 2009A Bonds. Upon initial issuance, the ownership of such Series 2009A Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC. The Bond Registrar, Paying Agent and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2009A Bonds registered in its name for the purposes of payment of the principal of or interest on the Series 2009A Bonds, selecting the Series 2009A Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Series 2009A Bonds under this resolution, registering the transfer of Series 2009A Bonds, and for all other purposes whatsoever; and neither the Bond Registrar, Paying Agent nor the City shall be affected by any notice to the contrary. Neither the Bond Registrar, Paying Agent nor the City shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Series 2009A Bonds under or through DTC or any Participant, or any other Person which is not shown on the Bond Register as being a registered owner of any Series 2009A Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Series 2009A Bonds, with respect to any notice which is permitted or required to be given to owners of Series 2009A Bonds under this resolution, with respect to the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the Series 2009A Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Series 2009A Bonds. So long as any Series 2009A Bond is registered in the name of Cede & Co., as nominee of DTC, the Paying Agent shall pay all principal of and interest on such Series 2009A Bond, and shall give all notices with respect to such Series 2009A Bond, only to Cede & Co. in accordance with DTC’s Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations with respect to the principal of and interest on the Series 2009A Bonds to the extent of the sum or sums so paid. No Person other than DTC shall receive an authenticated Series 2009A Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal and interest. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Series 2009A Bonds will be transferable to such new nominee in accordance with paragraph (d) hereof.

(c) In the event the City determines to discontinue the book-entry only system, the City may notify DTC and the Bond Registrar and Paying Agent, whereupon DTC shall notify the Participants of the availability through DTC of Series 2009A Bonds in the form of certificates. In such event, the Series 2009A Bonds will be transferable in accordance with paragraph (d) hereof. DTC may determine to discontinue providing its services with respect to the Series 2009A Bonds at any time by giving notice to the City, the Paying Agent and the Bond Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Series 2009A Bonds will be transferable in accordance with paragraph (d) hereof.

(d) In the event that any transfer or exchange of Series 2009A Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Bond Registrar of the Series 2009A Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution. In the event Series 2009A Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Series 2009A Bonds, or another securities depository as owner of all the Series 2009A Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Series 2009A Bonds in the form of bond certificates and the method of payment of principal of and interest on such Series 2009A Bonds in the form of bond certificates.

3.09. Application of Proceeds and Other City Funds. The City shall deposit the proceeds of the sale of the Series 2009A Bonds as follows:

(a)

Deposit \$156,530 to the Reserve Account to cause the balance to equal the Reserve Requirement in respect of the Series 2009A Bonds; and

(b) Deposit the balance of the proceeds of the Series 2009A Bonds in the Acquisition and Construction Account in the Tax Increment Fund to be used to pay costs of the 2009 Project and to pay costs of issuance of the Series 2009A Bonds.

Section 4. Additional Bonds.

4.01. General Provisions. In addition to the Series 2009A Bonds, whose issuance and delivery is 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 compliance with the conditions of, Sections 4.02 and 4.03, whichever may be applicable, and upon filing with the City Clerk the following:

A. A Supplemental Resolution authorizing the issuance and creating the designated series of Additional Bonds and the sale thereof to the Original Purchaser or Purchasers named therein for the purchase price set forth therein;

B. A certificate executed by the Mayor, City Manager and the City Fiscal Services Director stating that upon the issuance of the Additional Bonds, no default hereunder has occurred and is continuing which would not be cured upon the issuance of the Additional Bonds and application of the proceeds thereof.

C. An Opinion of Bond Counsel (who may rely on factual representations of the City and which opinion may be qualified by customary qualifications and exceptions) stating that:

(1) all conditions precedent provided for 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;

(2) 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 entitled to the benefits of and secured by this Resolution; and

(3) the issuance of such Additional Bonds will not affect the tax-exempt nature for federal income tax purposes of the Bonds then Outstanding.

No Additional Bonds shall be issued unless, immediately after the issuance thereof and the application of the proceeds thereof the balance on hand in the Reserve Account will be at least equal to the Reserve Requirement after giving effect to the issuance of such Additional Bonds.

Any Additional Bonds shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate, if any, permitted by law, shall have Stated Maturities, and may be subject to redemption at such times and prices and on such terms and conditions, all as may be provided by the Supplemental Resolution authorizing their issuance. All Additional Bonds issued pursuant to Sections 4.02 and 4.03 shall be payable and secured ratably and equally and on a parity with the Series 2009A Bonds and any Additional Bonds theretofore issued, entitled to the same benefits and security of this Resolution.

4.02. Additional Bonds To Pay the Cost of Projects. Additional Bonds may be issued under this Section 4.02, at one time or from time to time, subject to the conditions provided in Section 4.01 and this Section 4.02, for the purpose of providing funds, in an aggregate amount sufficient with any other funds available and committed therefor to pay the cost of one or more Projects.

Before any Additional Bonds shall be issued under this Section 4.02, the City shall adopt a Supplemental Resolution authorizing the issuance of such series of Additional Bonds, fixing the amount and the details thereof, describing in brief and general terms the Projects to be acquired, constructed, altered or improved and estimating the costs thereof.

In addition, prior to the execution and delivery of any series of Additional Bonds under this Section 4.02, there shall be filed with the City Clerk:

(a) A certificate executed by the Mayor, City Manager and the City Fiscal Services Director stating: (i) the estimated cost of the Projects being financed thereby, including an allowance for contingencies and all fees, expenses and financing costs, (ii) the amount, if any, which will be required to be deposited to the credit of the Reserve Account in connection with the issuance of the Additional Bonds, (iii) the amount, if any, which will be required to be credited to the Bond Account to pay interest on the Additional Bonds prior to collection of sufficient Tax Increment available therefor, (iv) the amount of Tax Increment received by the City in the last completed Fiscal Year, (v) the amount of the maximum Principal and Interest Requirements on the Outstanding Bonds and the Additional Bonds proposed to be issued for any future Fiscal Year during the term of the Outstanding Bonds, and (vi) that the principal amount of such Additional Bonds is sufficient to provide for the payment of all estimated costs of

Projects to be financed thereby and credits to the Reserve Account and Bond Account as set forth above; and

(b) a certificate executed by the Mayor, City Manager and the City Fiscal Services Director stating that:

(i) the Tax Increment received by the City in the last completed Fiscal Year was equal to at least 140% of the maximum Principal and Interest Requirements for any future calendar year (during the term of the Outstanding Bonds) with respect to Outstanding Bonds and the Additional Bonds proposed to be issued; and

(ii) the Tax Increment received by the City in the last completed Fiscal Year, adjusted as provided in this Section 4.02(b)(ii), was, and the Tax Increment estimated to be received in the next succeeding three Fiscal Years, adjusted as provided in Section 4.02(c), is estimated to be, equal to at least 140% of the maximum Principal and Interest Requirements for any future calendar year (during the term of the Outstanding Bonds) with respect to the Outstanding Bonds and the Additional Bonds proposed to be issued. For this purpose, the Tax Increment received by the City in the last completed Fiscal Year may be adjusted by adding any increase in Tax Increment which would have resulted from applying the aggregate tax rates of the Taxing Bodies effective for the last completed Fiscal Year to the value of any projects which have been completed in the Urban Renewal Area before the date of issuance of the Additional Bonds and the taxable values of which as so completed are not included in the "actual taxable value" of the Urban Renewal Area (within the meaning of the Act).

The Commission shall approve and confirm the findings and estimates set forth in the above-described certificates in the Supplemental Resolution authorizing the issuance of the Additional Bonds.

(c) For purposes of the foregoing paragraph (b), in estimating the Tax Increment to be received in any future Fiscal Year, the Mayor, City Manager and the City Fiscal Services Director shall assume that: (1) 90% of the Taxes levied in the Urban Renewal Area will be collected in any Fiscal Year, (2) no Taxes delinquent in a prior Fiscal Year will be collected in any subsequent Fiscal Year, and (3) there will be no increase in the Tax Increment to be received in any future Fiscal Year resulting from projected inflation in property values or projected increases in Taxes.

4.03. Additional Bonds for Refunding Purposes. Additional Bonds may be issued at any time or from time to time, subject to the conditions hereinafter stated in this Section 4.03, for the purpose of providing funds, with any other funds available and committed therefor, for paying at, or redeeming prior to, their Stated Maturities any Outstanding Bonds, including the payment of any redemption premium thereon and interest which will accrue on such Bonds to any Redemption Date or the Stated Maturities thereof, and any expenses in connection with such

financing. Such Additional Bonds shall be designated substantially as the Bonds to be refunded, with the addition of the term “Refunding”.

Prior to authentication and delivery of any Additional Bonds under this Section 4.03 there shall be filed with the City Clerk such documents as shall be required to show that provisions have been duly made in accordance with the provisions of this Resolution for the redemption of all of the Outstanding Bonds to be refunded.

The City shall not deliver any Additional Bonds under this Section 4.03 unless there shall be filed with the City Clerk:

(i) a report of an Independent Accountant to the effect that (a) the proceeds (excluding accrued interest but including any premium) of the Additional Bonds plus any moneys to be withdrawn from the Bond 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 and redemption premium, if any, on the Outstanding Bonds to be refunded and the interest which will become due and payable on and prior to the Redemption Date or Stated Maturities of the Bonds to be refunded, or (b) from such proceeds there shall be deposited 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 moneys which shall have been deposited in trust irrevocably for such purpose, but without reinvestment, sufficient moneys to pay such principal, redemption premium and interest;

(ii) an opinion of Bond Counsel to the effect that the issuance of such Additional Bonds will not prejudice the exclusion from gross income for purposes of federal income taxation of the interest accruing on any of the Outstanding Bonds; and

(iii) if Additional Bonds are issued to refund Subordinate Obligations issued pursuant to Section 4.04, the conditions for the issuance of Additional Bonds pursuant to Section 4.02 be satisfied.

4.04. Subordinate Obligations. Except as provided in Sections 4.01 to 4.03, no bonds, notes or other evidence of indebtedness of the City will be issued under or secured by the provisions of this Resolution, and no bonds, notes or other evidence of indebtedness will be made payable from the Bond Account, unless the pledge and appropriation of such Tax Increment for the payment and security of such bonds, notes or other evidence of indebtedness is expressly subordinated to the pledge and appropriation made for the benefit and security of the Series 2009A Bonds and all Additional Bonds issued and to be issued under and secured by this Resolution in accordance with Sections 4.01 to 4.03. In the event of the issuance of any such Subordinate Obligations, the principal, interest and redemption premiums thereon will be made payable from one or more additional accounts created within the Tax Increment Funds for that purpose, and the balance of funds at any time on hand in any such accounts shall be available and shall be transferred whenever needed to meet the current requirements of the Bond Account and Reserve Account set forth in Sections 5.03 and 5.04.

4.05. Notes. When and if the City has established that all of the conditions precedent to the issuance of a series of Additional Bonds have been satisfied (assuming a specified principal amount, maturity schedule and interest rate to be borne by such Additional Bonds), the City may, after authorizing the issuance of such series of Additional Bonds but in lieu of issuing such series of Additional Bonds, issue a series of special, limited Notes, denominated as “Bond Anticipation Notes,” which shall have a Stated Maturity not more than three years from their date of original issue and which shall be secured by a lien on the Tax Increment subordinate to all Outstanding Bonds except that at their Stated Maturity they shall be paid as to principal and interest to the extent required from the proceeds of the series of Additional Bonds in anticipation of which they were issued or, if for any reason the City has been unable to sell and issue that series of Additional Bonds, then, at the option of the holders of such Notes, Bonds of such series of Additional Bonds shall be issued to the Holders of the Notes, in exchange therefor, on a par-for-par basis, without the necessity for meeting the other requirements of this Section 4 in respect of such Additional Bonds.

Section 5. The Tax Increment Funds.

5.01. Bond Proceeds and Tax Increment Pledged and Appropriated. Within the City’s West Bank Urban Renewal District Tax Increment Fund, the City hereby establishes on its books and records three funds designated as the Tax Increment Capital Project Fund, the Tax Increment Bond Fund and the Tax Increment Development Fund (collectively, the Tax Increment Funds) related to the Series 2009A Bonds and any Additional Parity Bonds (the Bonds). The Tax Increment Funds shall be maintained as separate and special bookkeeping accounts on the official books and records of the City until all Bonds have been fully paid, or the City’s obligation with reference to all Bonds has been discharged as provided in this Resolution. All proceeds of Bonds and all other funds hereafter received or appropriated for purposes of the Projects are appropriated to the Tax Increment Funds. All Tax Increment is irrevocably pledged and appropriated and shall be credited as received to the Tax Increment Bond Fund. The Bonds shall be secured by a first pledge of and lien on all of the Tax Increment and of all other moneys from time to time in the Tax Increment Funds in the manner and to the extent provided in this Section 5. The City shall not issue any obligation or security superior to or on a parity with the Series 2009A Bonds, payable or secured, in whole or in part, from or by the Tax Increment other than Additional Bonds issued pursuant to Section 4, until all of the Series 2009A Bonds have been paid or discharged as provided herein. The Tax Increment Funds shall be subdivided into separate accounts as designated and described in Sections 5.03 to 5.06.

5.02. Tax Increment Receipts. All Tax Increment received by the City and credited to the Tax Increment Bond Fund, as required in Section 5.01, shall be credited as received as follows: (a) first, to the Interest Account, until the balance on hand in the Interest Account is at least equal to all interest on Bonds due and payable from the Interest Account within the next six full calendar months; (b) second, after any credit to the Interest Account required by the preceding clause, to the Sinking Fund Account, until the balance on hand in the Sinking Fund Account is at least equal to all principal of and premium, if any, on Outstanding Bonds due and payable from the Sinking Fund Account (including amounts due and payable on a Sinking Fund Payment Date) within the next twelve full calendar months; (c) third, after any credit to the Interest Account or the Sinking Fund Account required by the preceding clauses, to the Reserve Account until the balance on hand in the Reserve Account is equal to the Reserve Requirement; and (d)

fourth, after any credit to the Interest Account, the Sinking Fund Account or the Reserve Account required by the preceding clauses, to the Tax Increment Development Fund.

5.03. Construction Account. For each Project there shall be a separate Construction Account within the Tax Increment Capital Project Fund, to be used only to pay allowed costs as incurred, which under accepted accounting principles are costs of the particular Project, 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, and other interests in land, interest accruing on Bonds during the period of construction of a Project financed thereby and for a period of time thereafter authorized by the Act and deemed necessary by the Commission, if and to the extent that the Interest Account is not sufficient for payment of such interest, reimbursement of any advances made from other City funds, and all other expenses incurred in connection with the acquisition, construction and financing of the Project. To the Construction Account shall be credited as received all proceeds of Bonds issued to finance such Project, except amounts otherwise appropriated in Section 3.09 or in a Supplemental Resolution or received from Additional Bonds issued to refund Outstanding Bonds pursuant to Section 4 and all other funds appropriated by the City for the Project, and all income received from the investment of the Construction Account. Upon completion of any Project and payment of the cost thereof, the City may transfer any money then remaining in the Construction Account for that Project, if permitted by the Act and if such transfer will not adversely affect the tax exemption of interest on the series of Bonds that financed the Project, to the Tax Increment Development Fund. Money in the Construction Account shall be transferred as needed to the Interest Account to pay interest on Bonds payable therefrom to the extent moneys therein are insufficient.

5.04. Bond Account.

(a) General. The Bond Account is hereby established as a special account within the Tax Increment Bond Fund. There are hereby established within the Bond Account two separate subaccounts, designated as the Interest Account and the Sinking Fund Account.

(b) Interest Account. There shall be credited to the Interest Account the following amounts: (i) any amount specified in any Supplemental Resolution to be credited to the Interest Account; (ii) from the Tax Increment as received by the City, the amount specified in clause (a) of Section 5.02; and (iii) any other amounts appropriated from time to time to the Interest Account.

On or before each Interest Payment Date, the City shall withdraw from the Interest Account an amount sufficient to pay the interest coming due on the Bonds on such Interest Payment Date, and shall use such amount to pay, or make provision with the Paying Agent for the payment of, interest on the Bonds on such Interest Payment Date.

If on any Interest Payment Date the balance in the Interest Account is not sufficient to pay the total amount of interest due on such Interest Payment Date, the City shall transfer any money then on hand in the Tax Increment Development Fund, the Construction Account, the Reserve Account or the Sinking Fund Account, in the order listed and in an amount equal to such deficiency, to the Interest Account.

All income derived from the investment of amounts in the Interest Account shall be credited as received to the Interest Account.

(c) Sinking Fund Account. There shall be credited to the Sinking Fund Account the following amounts: (i) any amount specified in a Supplemental Resolution to be credited to the Sinking Fund Account; (ii) from the Tax Increment as received by the City, the amount specified in clause (b) of Section 5.02; investment income from the Reserve Account as provided in Section 5.05; and (iv) any other amounts appropriated from time to time to the Sinking Fund Account.

Amounts on hand in the Sinking Fund Account shall be used on any Interest Payment Date to make up a deficiency in the Interest Account, if and to the extent required by the third subparagraph of paragraph (b) of this Section.

On or before each Principal Payment Date, the City shall withdraw from the Sinking Fund Account an amount sufficient to pay the principal due on the Bonds on such Principal Payment Date, and shall use such amount to pay, or make provision with the Paying Agent for the payment of, principal of the Bonds on such Principal Payment Date, whether a Stated Maturity or a Sinking Fund Payment Date.

If on any Principal Payment Date the balance in the Sinking Fund Account is not sufficient to pay the total amount of principal due on such Principal Payment Date, the City shall transfer any money then on hand in the Tax Increment Development Fund, Construction Account or Reserve Account, in the order listed and in an amount equal to such deficiency, to the Sinking Fund Account.

5.05. Reserve Account. The Reserve Account is hereby established as a special account within the Tax Increment Bond Fund. There shall be credited to the Reserve Account the following amounts: (i) \$156,530 from proceeds of the Series 2009A Bonds, as provided in Section 3.10; (ii) from the Tax Increment as received by the City, the amount specified in clause (c) of Section 5.02; (iii) any amount specified in any Supplemental Resolution to be credited to the Reserve Account; and (iv) any other amounts appropriated from time to time to the Reserve Account.

If on any Interest Payment Date or on any Principal Payment Date there shall exist, after the other transfers required by Sections 5.02(a) and (b), a deficiency in the Interest Account or Sinking Fund Account, the City shall transfer from the Reserve Account to such account an amount equal to such deficiency.

All income derived from the investment of amounts in the Reserve Account shall be credited as received to the Reserve Account until such time as the balance in the Reserve Account is equal to the Reserve Requirement, and thereafter all such investment income as received shall be transferred to the Sinking Fund Account.

Money in the 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 Bond Account is insufficient therefor; provided that on any date when the balance then on hand in the Bond Account allocable to a series of Bonds, plus the balance then on hand in the Reserve Account allocable to the series

of Bonds, is sufficient with other money available for the purpose to pay or discharge all Outstanding Bonds of that series and the interest accrued thereon in full, and the balance thereafter on hand in the Reserve Account will be at least equal to the Reserve Requirement for all Outstanding Bonds not to be discharged, it may be used for that purpose. In addition, amounts on hand in the Reserve Account may be used to make any arbitrage rebate payments due under Section 148(f) of the Code in respect of any Bonds if available amounts on hand in the Tax Increment Development Fund are insufficient therefor.

If at any time (including, but not limited to, any Principal Payment Date and any Redemption Date), the balance in the Reserve Account exceeds the Reserve Requirement, the City shall transfer such excess to the Sinking Fund Account.

5.06. General Tax Increment Development Fund. There shall be credited to the Tax Increment Development Fund any and all Tax Increment remaining after the required credits to the Bond Account and Reserve Account, subject to the creation of any other accounts and the appropriation of Tax Increment thereto as provided in Sections 4.04 and 4.05, any investment income and other moneys in any of the accounts within the Tax Increment Funds in excess of the requirements of said accounts and which the City determines in its discretion to transfer to the Tax Increment Development Fund. Money from time to time on hand in the Tax Increment Development Fund shall be transferred to the Bond Account and Reserve Account as provided by Sections 5.04 and 5.05 and in addition may be used for any of the following purposes and not otherwise:

- (a) to be transferred to the Construction Account to pay costs authorized to be paid therefrom;
- (b) to pay administrative costs of the City and costs incurred in connection with Projects within the Urban Renewal Area as authorized by the Act and approved by the Commission;
- (c) to make arbitrage rebate payments owing in respect of Bonds under Section 148(f) of the Code;
- (d) to redeem or discharge Bonds prior to their Stated Maturities in accordance with the provisions of this Resolution or any Supplemental Resolution;
- (e) to purchase Bonds on the open market;
- (f) to pay, redeem or otherwise secure the payment of any Subordinate Obligations; and
- (g) to pay to Taxing Bodies a portion of the annual Tax Increment received by the City pursuant to an agreement authorized by the Act; provided that the City may remit to Taxing Bodies pursuant to such an agreement only from Tax Increment received in the fiscal year and on hand in the Tax Increment Development Fund, only if, on the date of remittance, the balance in the Reserve Account is not less than the Reserve Requirement and the funding requirements of the Bond Account have been satisfied, and only to the extent that the balance on deposit in the Tax Increment

Development Fund, after such remittance, is not less than 125% of the principal of and interest payable on Outstanding Bonds in the Fiscal Year such Tax Increment is received; and provided, further, that if the Constitution or laws of the State of Montana are amended to abolish or substantially reduce or eliminate real property taxation, and so long as replacement revenues are not available to pay principal of and interest on the Bonds in accordance with the provisions of Section 6.13, money in the Tax Increment Development Fund is to be used, so long as any Bonds are Outstanding, solely for the payment of principal of, interest or premium, if any, on Outstanding Bonds, whether at their Stated Maturities, on a Redemption Date or otherwise, or to purchase Outstanding Bonds on the open market.

5.07. Investments. The City Fiscal Services Director shall cause all moneys from time to time in the Tax Increment Funds to be deposited as received with one or more depository banks duly qualified in accordance with the provisions of Montana Code Annotated, Section 7-6-201, as amended, and shall cause the balances in such accounts, except any part thereof covered by federal deposit insurance, to be secured by the pledge of bonds or securities of the kinds required by law, and no money shall at any time be withdrawn from such deposit accounts except for the purposes of the Tax Increment Funds as defined and authorized by this Resolution. The funds to the credit of the several accounts within the Tax Increment Funds may be commingled in one or more deposit accounts. The balance on hand in any of the accounts of the Tax Increment Funds may at any time be invested and reinvested in Qualified Investments as provided below, maturing and bearing interest payable at the times and in the amounts estimated to be required to provide cash when needed for the purposes of the respective accounts; provided that the Reserve Account and Tax Increment Development Fund shall be invested in Qualified Investments maturing not later than five years from the date of investment. Income from the investment of the moneys in the various accounts shall be credited thereto. Subject to the provisions of law now or hereafter controlling investment of such funds, money on hand in any of the accounts of the Tax Increment Funds may be invested in any of the following Qualified Investments, but no others:

- (a) direct obligations of or obligations guaranteed by the United States of America;
- (b) bank time deposits or certificates of deposit secured by obligations and securities described in clause (a) above; and
- (c) the Montana short-term investment pool administered by the Board of Investments of the State of Montana or any similar pool hereafter created for the investment of public funds.

Section 6. Other Covenants of City.

6.01. Punctual Payment. The City will punctually pay or cause to be paid the principal and interest to become due in respect to all the Bonds, in strict conformity with the terms of the Bonds and of this Resolution, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Resolution and all Supplemental Resolutions and of the Bonds. Nothing herein contained shall prevent the City from making advances of its own

moneys however derived to any of the uses or purposes referred to herein, nor shall be deemed or constitute a pledge or appropriation of funds or assets of the City other than those expressly pledged or appropriated hereby.

6.02. Accumulation of Claims of Interest. In order to prevent any accumulation of claims for interest after maturity, the City will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Resolution, except subject to the prior payment in full of the principal of all of the Bonds then outstanding and of all claims for interest which shall not have been so extended or funded.

6.03. Against Encumbrances. The City will not encumber, pledge or place any charge or lien upon any of the Tax Increment superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds.

6.04. Management and Operation of Properties. The City will manage and operate or cause to be managed and operated all Projects owned by the City in a sound and businesslike manner, and will keep such Projects insured at all times in conformity with sound business practice.

6.05. Books and Accounts; Financial Statements. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Projects, Tax Increment and the Tax Increment Funds. Such books of record and accounts shall be at all time during business hours subject to the inspection of the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The City will prepare and file with the City Clerk annually, within two hundred seventy (270) days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete financial statements with respect to the preceding Fiscal Year showing (1) the actual taxable value, the base taxable value and the incremental taxable value (each as defined in the Act) of the Urban Renewal Area; (2) the mill rates of all Taxing Bodies; (3) the Tax Increment, including a breakdown of Tax Increment attributable to current and delinquent property tax collections; (4) all disbursements from the Tax Increment Funds; and (5) the balances in the Tax Increment Funds and accounts therein as of the end of each such Fiscal Year, which statements shall be accompanied by a certificate or opinion in writing of an Independent Accountant.

6.06. Completion of Projects. The City will commence, and will continue to completion, with all practicable dispatch all Projects undertaken in the Urban Renewal Area in conformity with the Urban Renewal Plan and the Act.

6.07. Taxation of Leased Property. Other than a Project owned and operated as a public improvement or facility, whenever the City leases real property in the Urban Renewal Area to

any Person other than a governmental entity, the property shall to the extent authorized by law be assessed and taxed in the same manner as privately-owned property and the lease shall provide (1) that the lessee shall pay Taxes upon the taxable value for the entire property and not merely upon the assessed value of his or its leasehold interest, and (2) that if for any reason the Taxes paid by the lessee on such property in any year during the term of the lease shall be less than the Taxes which would have been payable upon the assessed value of the entire property if the property were assessed and taxed in the same manner as privately-owned property, the lessee shall pay such difference to the City within thirty days after the Taxes for such year become payable to the Taxing Bodies and in any event prior to the delinquency date of such Taxes established by law. All such payments to the City shall be treated as Tax Increment and shall be deposited by the City in the Tax Increment Funds.

6.08. Disposition of Property. The City will not authorize the disposition (or acquisition) of any land or real property in the Urban Renewal Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property planned for such ownership or use by the Urban Renewal Plan in effect on the date of this Resolution) if such disposition shall consist of more than two percent (2%) of the land area in the Urban Renewal Area, except as provided in this Section 6.08. The City shall appoint a reputable Independent Financial Consultant and direct said consultant to report on the effect of said disposition. If the Report of the Independent Financial Consultant concludes that Tax Increment (including any amounts resulting from payments in lieu of taxes agreed to be paid with respect to the property) will not be reduced by the proposed disposition in each of the three complete Fiscal Years following such disposition (based on tax levies not greater than those for the current Fiscal Year) below 200% of the maximum Principal and Interest Requirements on all Outstanding Bonds in any future Fiscal Year and that the security of the Bonds or the rights of the Bondowners will not be materially impaired by said proposed disposition, the City may make the proposed disposition.

6.09. Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution, and for better assuring and conferring to the Owners of the Bonds the rights and benefits provided in this Resolution.

6.10. Amendment of Plan or Ordinance. Except to authorize additional Projects, the City will not amend or modify the Plan or the Ordinance or reduce the size of the Urban Renewal Area if an effect thereof will be to materially and adversely affect the security of the Outstanding Bonds; provided, however, the City may reduce the size of the Urban Renewal Area if a report as provided in Section 6.08 is received from the Financial Consultant regarding the reduction in size of the Urban Renewal Area.

6.11. Adjustment of Tax Incremental Base. The City shall not adjust the tax incremental base of the Urban Renewal Area pursuant to Section 7-15-4287 of the Act so long as any Bonds are Outstanding, if the effect would be to reduce the base.

6.12. Federal Tax Exemption. The City will not use the proceeds of any Bonds or use or permit the use of any Project financed from the proceeds of the Bonds or revenues derived

therefrom in such a way as to cause the exemption from federal income taxation of interest on any Bonds to become adversely affected.

6.13. Pledge of Replacement Revenues. In the event the Constitution or laws of the State of Montana are amended to abolish or substantially reduce or eliminate real or personal property taxation and State law then or thereafter provides to the City an alternate or supplemental source or sources of revenue specifically to replace or supplement reduced or eliminated Tax Increment, then the City pledges, and covenants to appropriate annually, subject to the limitations of then applicable law, to the Bond Fund from such alternate or supplemental revenues an amount that will, with money on hand in the Bond Fund or available and to be transferred to the Bond Fund during such Fiscal Year, be sufficient to pay the principal of, premium, if any, and interest on the Outstanding Bonds payable in that Fiscal Year.

6.14. Bondowner Rights. No Owner of any Bond issued and secured under the provisions of this Resolution shall have the right to institute any proceeding, judicial or otherwise, for the enforcement of the covenants herein contained, without the written concurrence of the Owners of not less than 25% in aggregate principal amount of all Bonds which are at the time Outstanding; but the Owners of this amount of such Bonds may, either at law or in equity, by suit, action or other proceedings, protect and enforce the rights of all Owners of such Bonds and compel the performance of any and all of the covenants required herein to be performed by the City and its officers and employees. The Owner of a majority in principal amount of such Outstanding Bonds shall have the right to direct the time, method and place of conducting any proceedings for any remedy available to the Owners 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. However, nothing herein shall impair the absolute and unconditional right of the Owner of each Bond to receive payment of the principal of and interest on such Bond as such principal and interest respectively become due, and to institute suit for the enforcement of any such payment. In the Event of Default in any such payment, any court having jurisdiction of the action may appoint a receiver to administer the Tax Increment Funds and to collect and segregate and apply the Tax Increment and other revenues pledged thereto as provided by this Resolution and the Act.

Section 7. Supplemental Resolutions.

7.01. General. The City reserves the right to adopt Supplemental Resolutions to this Resolution from time to time and at any time, for the purpose of curing any ambiguity 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 this Resolution, and which shall not adversely affect the interests of the Owners of Bonds issued hereunder, or for the purpose of adding to the covenants and agreements herein contained, or to the Tax Increment herein pledged, other covenants and agreements thereafter to be observed and additional revenues or income thereafter appropriated to the Tax Increment Funds, or for the purpose of surrendering any right or power herein reserved to or conferred upon the City, or for the purpose of authorizing the creation and issuance of a series of Additional Bonds, as provided in and subject to the conditions and

requirements of Section 4. Any such Supplemental Resolution may be adopted by resolution, without the consent of the Owner of any of the Bonds issued hereunder.

7.02. Consent of Bondowners. With the consent of the Owners of Outstanding Bonds as provided in Section 7.03, the City may from time to time and at any time adopt a Supplemental Resolution for the purpose of amending this Resolution by adding any provisions hereto or changing in any manner or eliminating any of the provisions hereof or of any Supplemental Resolution, except that no Supplemental Resolution shall be adopted at any time without the consent of the Owners of all Outstanding Bonds affected thereby, if it would extend the time of payment of interest thereon, would reduce the amount of the principal thereof or redemption premium thereon, would give to any Bond or Bonds any privilege over any other Bond or Bonds (except for the privilege accorded Bonds over Subordinate Bonds), would reduce the sources of Tax Increment or other revenues or income appropriated to the Tax Increment Funds, or would reduce the percentage in principal amount of such Bonds required to authorize or consent to any such Supplemental Resolution.

7.03. Notice. Notice of a Supplemental Resolution to be adopted pursuant to Section 7.02 shall be mailed by first-class mail, postage prepaid, to the Owners of all Outstanding Bonds at their addresses appearing in the Bond Register and shall become effective only upon the filing of written consents with the City Clerk, signed by the Owners of not less than two-thirds in principal amount of the Bonds issued hereunder which are 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 Owners in person or by agent duly appointed in writing, and shall become effective when delivered to the City Clerk. Any consent by the Owner of any Bond shall bind that Owner and every future Owner of the same Bond with respect to any Supplemental Resolution adopted by the City pursuant to such consent; provided that any Owner 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 Owners of the required amount of Bonds have not been received by the City Clerk within one year after the publication of notice of the Supplemental Resolution, the Supplemental Resolution and all consents theretofore received shall be of no further force and effect.

7.04. Manner of Consent. Proof of the execution of any consent, or of a writing appointing any agent to execute the same 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 7.04. 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 any registered Bonds shall be proved by the Bond Register.

Section 8. Defeasance.

8.01. General. When the liability of the City on all Bonds issued under and secured by this Resolution and all interest thereon has been discharged as provided in this section, all pledges, covenants and other rights granted by this Resolution to the Owners of such Bonds shall cease.

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

8.03. 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 Paying Agent 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 or a Supplemental Resolution.

8.04. Escrow. The City may also at any time discharge its liability with reference to any Bond subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or securities which are Government Obligations which are 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 to provide funds sufficient to pay all principal and interest to become due on all such Bonds on or before the Stated Maturities thereof or, if such Bonds are subject to redemption and the City has given the redemption notice required therefor or given irrevocable instructions to give such notice and the funds provided will also be sufficient to pay any applicable redemption premium, to an earlier Redemption Date.

Section 9. Tax Covenants.

9.01. Security for the Series 2009A Bonds. The City shall not enter into any lease, use or other agreement with any non-governmental Person relating to the security for the payment of the Series 2009A Bonds which might cause the Series 2009A Bonds to be considered “private activity bonds” or “private loan bonds” within the meaning of Section 141 of the Code. No “impermissible agreement” as defined in Treasury Regulations, Section 1.141-4(e)(4)(ii), has been or will be entered into by the City in respect of the Tax Increment or otherwise to secure the Series 2009A Bonds.

9.02. General Covenant. The City covenants and agrees with the owners from time to time of the Series 2009A 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 2009A Bonds to become includable in gross income for federal income tax purposes under the Code and applicable Treasury Regulations promulgated thereunder (the “Regulations”), and covenants to take any and all actions within its powers to ensure that the interest on the Series 2009A Bonds

will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

9.03. Arbitrage Certification. The Mayor, City Manager and the City Fiscal Services Director, being the officers of the City charged with the responsibility for issuing the Series 2009A Bonds pursuant to this resolution, are authorized and directed to execute and deliver to the Original Purchaser 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 2009A Bonds, it is reasonably expected that the proceeds of the Series 2009A Bonds will be used in a manner that would not cause the Series 2009A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and the Regulations.

9.04. Arbitrage Rebate. The City acknowledges that the Series 2009A 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 Treasury Regulations to preserve the exclusion of interest on the Series 2009A Bonds from gross income for federal income tax purposes, unless the Series 2009A Bonds qualify for the spending exceptions from the rebate requirement under Section 148(f)(4)(B) of the Code and the Treasury Regulations and no “gross proceeds” of the Series 2009A Bonds (other than amounts constituting a “bona fide Bond Fund”) arise during or after the expenditure of the sale proceeds thereof. In furtherance of the foregoing, the City Fiscal Services Director is hereby authorized and directed to execute a Rebate Certificate, substantially in the form of the Rebate Certificate prepared by Bond Counsel 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.

9.05. Designation as Qualified Tax-Exempt Obligations. Pursuant to Section 265(b)(3)(B)(ii) of the Code, the City hereby designates the Series 2009A Bonds as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code. The City has not designated any bonds in 2009 under Section 265(b)(3) other than the Series 2009A Bonds. The City hereby represents that it does not anticipate that the City and all “subordinate entities” of the City will issue in 2009 obligations bearing interest exempt from federal income taxation under Section 103 of the Code (including “qualified 502(c)(3) bonds” but excluding other “private activity bonds,” as defined in Sections 141(a) and 145(a) of the Code) in an amount greater than \$10,000,000.

9.06. Information Reporting. The City shall file with the Secretary of the Treasury, not later than November 15, 2009, a statement concerning the Series 2009A Bonds containing the information required by Section 149(e) of the Code.

Section 10. Continuing Disclosure.

10.01. Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Series 2009A Bonds and the security therefor and to permit the Original Purchaser and other participating underwriters in the primary offering of the Series 2009A Bonds to comply with amendments to Rule 15c2-12 promulgated by the Securities and

Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the “Rule”), which will enhance the marketability of the Series 2009A Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the Outstanding Series 2009A Bonds. The Tax Increment Fund of the City and the City are the only “obligated persons” in respect of the Series 2009A Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. The City has complied in all material respects with any undertaking previously entered into by it under the Rule.

If the City fails to comply with any provisions of this Section 10, any Person aggrieved thereby, including the Owners of any Outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this Section 10, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder. Notwithstanding anything to the contrary contained herein, in no event shall a default under this Section 10 constitute a default under the Series 2009A Bonds or under any other provision of this Resolution.

As used in this Section 10, “Owner” or “Bondowner” means, in respect of a Series 2009A Bond, the registered owner or owners thereof appearing in the Bond Register maintained by the Bond Registrar or any “Beneficial Owner” (as hereinafter defined) thereof, if such Beneficial Owner provides to the Bond Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Bond Registrar. As used herein, “Beneficial Owner” means, in respect of a Series 2009A Bond, any Person which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Series 2009A Bond (including Persons or entities holding Series 2009A Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Series 2009A Bond for federal income tax purposes.

10.02. Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

(1) on or before 270 days after the end of each Fiscal Year, commencing with the Fiscal Year ended June 30, 2009, the following financial information and operating data in relating to the Urban Renewal Area and the City for the preceding Fiscal Year of the City as hereinafter specified (the “Disclosure Information”).

The Disclosure Information comprises the following (subject to modification as described below):

(A) the audited financial statements of the City for such Fiscal Year, accompanied by the complete audit report and opinion of an independent certified public accountant or state legislative auditor relating thereto, including the financial statements of the Tax Increment Fund of the City, as permitted or required by the laws of the State of Montana, containing balance

sheets as of the end of such Fiscal Year and a statement of operations, changes in fund balances and cash flows for the Fiscal Year then ended, showing in comparative form such figures for the preceding Fiscal Year of the City prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Montana law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the City Fiscal Services Director; and

(B) To the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such Fiscal Year or for the period most recently available of the type identified below contained in the Official Statement, which information may be unaudited, but shall be certified as to accuracy and completeness in all material respects by the City Fiscal Services Director to the best of his or her knowledge, which certification may be based on the reliability of information obtained from governmental or other third-party sources:

- (1) updated figures for the City for the then current fiscal year to information relating to Tax Increment revenue, investment earnings, debt service and debt service coverage and incremental taxable value, amount of Tax Increment resulting from property tax levy and Tax Increment actually received of the type contained under the captions “Estimated Debt Service Requirements and Coverage,” “Great Falls Urban Renewal District—Property Tax Levies in the District,” “—Major Taxpayers in the District,” and “—Comparison of Incremental Taxable Value of the District to City Taxable Value” and “—Financial Statement Regarding the District Tax Increment Fund”;
- (2) updated figures for the City for the then current fiscal year to include information relating to the market value and taxable value of taxable property in the District in format similar to the table on page 23 in the section “West Bank Urban Renewal District—Value of Property in the District”; and
- (3) updated figures for the City for the then current fiscal year to include information relating to identification of the ten taxpayers in District with the largest taxable value of property by name, type of property and taxable value in format similar to the table on page 27 in the section “West Bank Urban Renewal District—Major Taxpayers in the District.”

Notwithstanding the foregoing paragraph, if the audited financial statements from which such extracts are to be taken are not available by the date specified, the City shall provide on or before such date extracts from unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the City shall provide the audited financial statements.

Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to each of the repositories hereinafter referred to under subsection (b) or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the Municipal Securities Rulemaking Board. The City shall clearly identify in the Disclosure Information each document so incorporated by reference.

If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations.

If the Disclosure Information is changed or this Section 10.02 is amended in accordance with its terms, then the City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(2) In a timely manner, notice of the occurrence of any of the following events which is a Material Fact (as hereinafter defined):

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults;
- (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;
- (F) Adverse tax opinions or events affecting the tax-exempt status of the security;
- (G) Modifications to rights of security holders;
- (H) Bond calls;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the securities;

and

- (K) Rating changes.

As used herein, a "Material Fact" is a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a

Series 2009A Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a “Material Fact” is also an event that would be deemed “material” for purposes of the purchase, holding or sale of a Series 2009A Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

(3) In a timely manner, notice of the occurrence of any of the following events or conditions:

(A) the failure of the City to provide the Disclosure Information at the time specified under “Annual Information” above;

(B) the amendment or supplementing of the Disclosure Covenants pursuant to the Resolution, together with a copy of such amendment or supplement and any explanation provided by the City under the Disclosure Covenants;

(C) the termination of the obligations of the City under the Disclosure Covenants pursuant to the Resolution; and

(D) any change in the Fiscal Year of the City.

10.03. Manner of Disclosure. The City agrees to make available the information described in Section 10.02 to the following entities by telecopy, overnight delivery, mail or other means, as appropriate:

(1) the information described in paragraph (1) of Section 10.02, to each then nationally recognized municipal securities information repository under the Rule and to any state information depository then designated or operated by the State of Montana as contemplated by the Rule (the “State Depository”), if any;

(2) the information described in paragraphs (2) and (3) Section 10.02, to the Municipal Securities Rulemaking Board and to the State Depository, if any.

In addition, any filing under this Section 10 may be made solely by transmitting such filing to the Texas Municipal Advisory Commission (“MAC”) as provided at <http://www.disclosureusa.org>, unless the United States Securities and Exchange Commission has withdrawn the interpretative advice in its letter to MAC dated September 7, 2004.

10.04. Term; Amendments; Interpretation.

(1) The covenants of the City in this Section 10 shall remain in effect so long as any Series 2009A Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this Section 10 shall terminate and be without further effect as of any date on which the City files in the office of the City Clerk an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the requirements of this Section 10 will not cause

participating underwriters in the primary offering of the Series 2009A Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

(2) This Section 10 (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph 13.02(3) hereof) or the consent of the Owners of any Series 2009A Bonds, by a resolution of the City Commission filed in the office of the City Clerk accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the City, the Urban Renewal Area or the Tax Increment Fund or the type of operations conducted by the City or the Urban Renewal Area, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this Section 10 as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Series 2009A Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(3) This Section 10 is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

10.05. Further Limitation of Liability of City. In and to the extent the limitations of liability contained in Section 10.01 are not effective, anything contained in this Section 10 to the contrary notwithstanding, in making the agreements, provisions and covenants set forth in this Section 10, the City has not obligated itself except with respect to the Tax Increment and other amounts specifically pledged under this Resolution. None of the agreements or obligations of the City contained herein shall be construed to constitute an indebtedness of the City within the meaning of any constitutional or statutory provisions whatsoever or constitute a pledge of the general credit or taxing powers of the City.

Section 11. Repeal. 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.

Section 12. Effective Date. This Resolution shall be in full force and effect from and after its final passage and approval according to law.

PASSED AND APPROVED by the City Commission of the City of Great Falls, Montana, this 21st day of July, 2009.

Dona R. Stebbins, Mayor

ATTEST:

Lisa Kunz, City Clerk

(Seal of the City)

APPROVED FOR LEGAL CONTENT:

David V. Gliko, City Attorney

EXHIBIT A

FORM OF SERIES 2009A BONDS

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF CASCADE

CITY OF GREAT FALLS

TAX INCREMENT URBAN RENEWAL REVENUE BOND
SERIES 2009A (WEST BANK URBAN RENEWAL DISTRICT)

No. _____ \$ _____

<u>Interest Rate</u>	<u>Stated Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
%	July 1, ____	July 30, 2009	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

FOR VALUE RECEIVED, THE CITY OF GREAT FALLS (the "City"), a duly organized municipal corporation located in Cascade County, Montana, acknowledges itself to be specially indebted and hereby promises to pay to the registered owner specified above or registered assigns, solely from the Tax Increment received by the City from certain taxable property in its Urban Renewal Area (as hereinafter defined) which has been pledged and appropriated for the payment hereof as stated below, the principal amount specified above on the maturity date specified above, or, if this Bond is prepayable as stated below, on an earlier date on which it shall have been duly called for redemption, with interest thereon from the date of original issue hereof, or such later date to which interest hereon has been paid or duly provided for, until the principal amount is paid or until this Bond, if prepayable, has been duly called for redemption, at the annual rate specified above. Interest hereon is payable semiannually on January 1 and July 1 in each year, commencing January 1, 2010, by check or draft drawn on U.S. Bank National Association, in Seattle, Washington, as Bond Registrar, Transfer Agent and Paying Agent, or its successor designated under the Resolution described herein (the "Bond Registrar"), mailed to the registered owner of this Bond as such appears of record in the Bond Register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. The principal of this Bond is payable upon presentation and surrender hereof at maturity or earlier redemption at the principal office of the Bond Registrar. Such principal and interest are payable in lawful money of the United States of America.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Bond Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the City.

This Bond is one of a duly authorized issue of Bonds of the City designated as “Tax Increment Urban Renewal Revenue Bonds” (collectively, the “Bonds”), issued and to be issued in one or more series under, and all equally and ratably secured by Resolution No. 9815, adopted by the City Commission on July 21, 2009 (as amended or supplemented in accordance with the provisions thereof, 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 Owners of the Bonds and the City and the terms upon which the Bonds are to be issued and delivered. As provided in the Resolution, the Bonds are issuable in series which may vary as in the Resolution provided or permitted. This Bond is one of the series specified in its title, issued in the aggregate principal amount of \$2,000,000 (the “Series 2009A Bonds”), all of like date of original issue and tenor except as to serial number, denomination, date, interest rate, maturity date and redemption privilege. The Series 2009A Bonds are issued by the City for the purpose of financing a portion of the cost of a portion of an urban renewal project within the City of Great Falls West Bank Urban Renewal District (the “Urban Renewal Area”) of the City, thereby assisting activities in the public interest and for the public welfare of the City.

The Series 2009A Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Montana, particularly Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the “Act”), and pursuant to the Resolution. The Bonds are payable solely and ratably from Tax Increment received by the City and resulting from the extension of ad valorem taxes levied by certain Taxing Bodies against the incremental taxable value of properties within the Urban Renewal Area pursuant to the Act, except that under certain conditions as described in the Resolution, the Bonds may be payable from replacement revenues, if any, provided in the event of the abolition or substantial elimination of property taxation in Montana.

The 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 Bonds or the interest thereon. The Bonds shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitations.

Series 2009A Bonds maturing in the years 2011 through 2020 are not subject to redemption, but Series 2009A Bonds having stated maturities in 2021 and later years are subject to redemption at the option of the City and in whole or in part, and if in part from such stated maturities and in such principal amounts as the City may designate and, within a stated maturity, in \$5,000 principal amounts selected by lot or other manner deemed fair, on July 1, 2020, and any date thereafter, at a redemption price equal to the par amount of the Series 2009A Bonds to

be redeemed together with the interest accrued on the principal amount to be redeemed to the date fixed for redemption.

The Series 2009A Bonds having Stated Maturities in the years 2024, 2029 and 2034 are Term Bonds and are subject to mandatory sinking fund redemption prior to maturity on July 1 in the respective years and the respective principal amounts set forth below, in \$5,000 principal amounts selected by the Bond Registrar, by lot or other manner it deems fair, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued thereon to the redemption date:

2024 Term Bond		2029 Term Bond		2034 Term Bond	
Mandatory Sinking Fund Redemption Date	Redemption Amount	Mandatory Sinking Fund Redemption Date	Redemption Amount	Mandatory Sinking Fund Redemption Date	Redemption Amount
July 1, 2020	\$70,000	July 1, 2025	\$85,000	July 1, 2030	\$115,000
July 1, 2021	\$70,000	July 1, 2026	\$90,000	July 1, 2031	\$120,000
July 1, 2022	\$75,000	July 1, 2027	\$95,000	July 1, 2032	\$125,000
July 1, 2023	\$80,000	July 1, 2028	\$100,000	July 1, 2033	\$140,000
July 1, 2024*	\$85,000	July 1, 2029*	\$100,000	July 1, 2034*	\$145,000

*Maturity

The Bond Registrar shall select the Series 2009A Term Bonds to be redeemed on each Sinking Fund Payment Date in accordance with Section 3.04, and the Series 2009A Bonds selected by the Bond Registrar shall become due and payable on such date. The City may reduce the amount of any Mandatory Sinking Fund Payment payable on any Sinking Fund Payment Date or Dates by an amount equal to the principal amount of Outstanding Series 2009A Term Bonds then to be redeemed that shall be surrendered uncanceled by the City to the Bond Registrar; provided that the City shall have surrendered such Series 2009A Term Bonds to the Bond Registrar not less than forty-five days before the first such Sinking Fund Payment Date, together with a City Certificate stating its election to use such Series 2009A Term Bonds for such purpose and designating the Sinking Fund Payment Date or Dates as to which such credit is to be applied (if no such designation is made, such credits shall be applied in inverse order of Sinking Fund Payment Dates). In such case, the City may reduce the amount of Series 2009A Bonds to be redeemed on the Sinking Fund Payment Date or Dates so determined by the principal amount of Series 2009A Term Bonds so surrendered by the City.

If Series 2009A Term Bonds are redeemed at the option of the City pursuant to Subsection the Resolution, the Series 2009A Bonds so optionally redeemed may, at the option of the City, be applied as a credit against any subsequent Mandatory Sinking Fund Payment or Payments with respect to Series 2009A Term Bonds, such credit to be equal to the principal

amount of such Series 2009A Term Bonds redeemed pursuant to the Resolution; provided that the City shall have delivered to the Bond Registrar not less than forty-five (45) days before the first such Sinking Fund Payment Date a City Certificate stating its election to apply such Series 2009A Term Bonds as such a credit and designating the Sinking Fund Payment Date or Dates as to which such credit is to be applied (if no such designation is made, such credits shall be applied in inverse order of Sinking Fund Payment Dates). In such case, the City may reduce the amount of Series 2009A Bonds to be redeemed on the Sinking Fund Payment Date or Dates so determined by the principal amount of Series 2009A Bonds of the same Stated Maturity so redeemed pursuant to the Resolution.

Any credit given to Mandatory Sinking Fund Payments pursuant to the Resolution shall not affect any other Mandatory Sinking Fund Payments, which shall remain payable as otherwise provided in the Resolution, unless and until another credit is given in accordance with the provisions hereof.

The Resolution permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the Owners of the Bonds at any time without the consent of any Bondowners or with the consent of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding (as defined in the Resolution) which are affected by such modifications. The Resolution also contains provisions permitting Owners of a majority in aggregate principal amount of the Bonds of all series at the time Outstanding, on behalf of all the Owners of all Bonds, to waive compliance by the City with certain provisions of the Resolution and certain past defaults under the Resolution and their consequences. Any such consent or waiver by the Owner of this Bond shall be conclusive and binding upon such Owner and on all future Owners of this Bond and of any Bond issued in lieu hereof, whether or not notation of such consent or waiver is made upon this Bond.

The Owner of this Bond shall have no right to enforce the provisions of the Resolution, or to institute action to enforce the covenants therein or take any action with respect to a default under the Resolution or to institute, appear in or defend any suit or other procedure with respect thereto except as provided in the Resolution.

This Series 2009A 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 2009A Bond is transferable upon the books of the City at the principal office of the Bond Registrar, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or his attorney; and may also be surrendered in exchange for Series 2009A Bonds of other authorized denominations. Upon such transfer or exchange, the City will cause a new Series 2009A Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The City, the Bond Registrar and Paying Agent may deem and treat the Person in whose name this Series 2009A Bond is registered as the absolute owner hereof, whether this Series 2009A Bond is overdue or not, for the purpose of receiving payment and for all other purposes,

and neither the City, the Bond Registrar nor the Paying Agent shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Montana and ordinances and resolutions of the City to be done, to exist, to happen and to be performed in order to make this Series 2009A Bond a valid and binding special, limited obligation of the City in accordance with its terms have been done, do exist, have happened and have been performed as so required; that this Series 2009A Bond has been issued by the City in connection with an urban renewal project (as defined in the Act); that the City, in and by the Resolution, has validly made and entered into covenants and agreements with and for the benefit of the Owners from time to time of all Bonds issued thereunder, including covenants that it will pledge, appropriate and credit the Tax Increment derived from properties in the Urban Renewal Area to the Tax Increment Bond Fund of the City; that additional bonds may be issued and made payable from the Tax Increment Bond Fund on a parity with the Series 2009A Bonds upon certain conditions set forth in the Resolution, but no obligation will be otherwise incurred and made payable from the Tax Increment, unless the lien thereof shall be expressly made subordinate to the lien of the Series 2009A Bonds on the Tax Increment; that all provisions for the security of the Owners of the Bonds as set forth in the Resolution will be punctually and faithfully performed as therein stipulated; and that the issuance of the Series 2009A Bonds does not cause the obligations of the City to exceed any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Bond Registrar by the manual signature of an authorized representative.

IN WITNESS WHEREOF, the City of Great Falls, Montana, by its City Commission, has caused this Bond to be executed by the facsimile signatures of the Mayor, the City Manager, the City Fiscal Services Director, and the City Clerk.

CITY OF GREAT FALLS, MONTANA

(Facsimile Signature)
Mayor

(SEAL)

(Facsimile Signature)
City Manager

(Facsimile Signature)
City Fiscal Services Director

(Facsimile Signature)
City Clerk

Dated: _____

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Tax Increment Urban Renewal Revenue Bonds, Series 2009A (West Bank Urban Renewal District) delivered pursuant to the Resolution mentioned within.

U.S. Bank National Association,
as Bond Registrar, Transfer
Agent and Paying Agent

By _____
Authorized Representative

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	UTMAas Custodian for
	(Cust) (Minor)
TEN ENT -- as tenants by entirety	under Uniform Transfers to Minors Act
	(State)
JT TEN -- as joint tenants with right of survivorship and not as tenants in common	

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUED 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.

Date: _____

PLEASE INSERT SOCIAL SECURITY
OR OTHER IDENTIFYING NUMBER
Agreement
OF ASSIGNEE:

enlargement
/ _____/

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

SIGNATURE GUARANTEE:

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Bond Registrar, which requirements include membership or participation in the Securities Transfer Association Medallion Program (STAMP) or such other "signature guaranty program" determined to be acceptable by the Bond Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.