

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 a Resolution entitled: "RESOLUTION RELATING TO \$900,000 TAX INCREMENT URBAN RENEWAL SUBORDINATE LIEN REVENUE NOTES, SERIES 2009; AUTHORIZING AND DIRECTING THE ISSUANCE, AWARDED 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 October 20, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 Commissioners voted in favor thereof: _____

_____ ; voted against the same: _____ ; abstained from voting thereon: _____ ; or were absent: _____ .

WITNESS my hand officially this ____ day of _____, 2009.

Lisa Kunz, City Clerk

RESOLUTION NO. 9843

RESOLUTION RELATING TO \$900,000 TAX INCREMENT
URBAN RENEWAL SUBORDINATE LIEN REVENUE
NOTES, SERIES 2009; AUTHORIZING AND DIRECTING THE
ISSUANCE, AWARDED THE SALE AND PRESCRIBING
THE FORM AND TERMS THEREOF AND THE SECURITY
THEREFOR

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

Section 1. Authorization and Recitals.

1.01. Authorization. Under the provisions of Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (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 property 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.

1.02. Prior City Actions. Pursuant to the Act, the City has created the City of Great Falls West Bank Urban Renewal District as an Urban Renewal Area (the “Urban Renewal Area”) and has approved the West Bank Urban Renewal Plan as an Urban Renewal Plan, as amended (the “Urban Renewal Plan”) in accordance with the provisions of the Act. The Urban Renewal Plan provides for the segregation and collection of Tax Increment with respect to the Urban Renewal Area. The Urban Renewal Area and the Urban Renewal 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.

1.03. The Federal Courthouse/4th Avenue NW Project. Pursuant to the Act and Ordinance No. 3027, the City approved the construction of a 64,133 square foot building, which will be leased to the United States General Accounting Office for use as the Federal Courthouse, as an Urban Renewal Project and set forth its intention to finance the costs of various public improvements through the issuance of tax increment revenue bonds. The improvements to be financed include 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 3rd 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”).

1.04. The West Bank Properties Project. Pursuant to the Act and the procedures contained in the Plan, as amended by Ordinance No. 3027, adopted December 16, 2008, the City designated and approved the West Bank Properties Project consisting of developing in the Urban Renewal Area a mixed use commercial project to include a Staybridge Hotel complex with future sites for a restaurant, office building and retail shops to be located generally along the east side of 3rd Street NW between 1st and 3rd Avenues NW as an urban renewal project (the “West Bank Properties Project”) and authorized the use of tax increment revenues in an amount not to exceed \$900,000 to pay for or reimburse West Bank Properties, LLC (the “Developer”) for the costs of designing, constructing and installing the following infrastructure improvements to be designated the Tax Increment Financed Infrastructure Improvements:

- i. moving and/or burying the existing power lines, cable lines and telephone lines;
- ii. rerouting and extending existing gas lines;
- iii. installing water, sanitary sewer and storm sewer facilities as required by the City;
- iv. installing street and roadway improvements and adjacent curbs, gutters and sidewalks within the interior confines of the West Bank Properties Project; and
- v. in the event the Developer acquires the property in the Urban Renewal Area currently owned by Pizza Hut, designing and constructing underground power lines and other City utilities running across such property.

1.05. The Series 2009A Bonds. Pursuant to the Act and Resolution No. 9815, adopted by the Commission on July 21, 2009 (the “Original Resolution”), the City has issued its \$2,000,000 Tax Increment Revenue Bonds, Series 2009A (Federal Courthouse/4th Avenue NW Project) (the “Series 2009A Bonds”).

1.06. Definitions. Terms used with initial capital letters but not defined herein have the meanings given them in the Original Resolution.

1.07. Adequacy of Tax Increment. The City has been advised by D.A. Davidson & Co., of Great Falls, Montana, as its financial advisor that the projected Tax Increment revenues of the Urban Renewal Area will not allow for issuance of an additional series of bonds in the principal amount of \$900,000 on a parity with the Series 2009A Bonds.

1.08. Development Agreement. The City and the Developer will enter into the Development Agreement, to be dated as of October 20, 2009 a copy of which has been presented to the commission and which is hereby approved (the “Development Agreement”). Pursuant to the Development Agreement, the City agreed to issue its West Bank Urban Renewal Area Tax Increment Subordinate Lien Revenue Notes in an aggregate principal amount not to exceed \$900,000 as specified herein (the “Series 2009 Notes”) to the Developer for the purposes of reimbursing the costs of the Tax Increment Financed Infrastructure Improvements.

1.09. Tax Increment. Based on the certificate of the City Manager and City Fiscal Services Director, it is estimated that the Tax Increment to be received from the Urban Renewal

Area upon completion of the Federal Courthouse/4th Avenue NW Project and the West Bank Properties Project will be at least \$316,000 per year. The maximum annual debt service on the Series 2009A Bonds is \$153,810 and the proposed maximum annual debt service on the Series 2009 Notes, assuming they are issued in the aggregate principal amount of \$900,000, is \$70,073, which equals \$223,883.

1.10. Subordinate Obligations. The City has reserved the right under Section 4.04 of the Original Resolution to issue Subordinate Obligations for the purpose of financing urban renewal projects. The pledge and appropriation of such Tax Increment for the payment and security of such subordinate 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 the Original 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 of the Original Resolution.

1.11. Conditions Precedent to Issuance of Note. The City has accepted a portion of the Tax Increment Financed Infrastructure Improvements and other public infrastructure and has received and approved paid invoices for costs of the approved Tax Increment Financed Infrastructure Improvements in the principal amount of \$761,463. The Developer has requested and the City has agreed in the Development Agreement to issue the Series 2009 Notes in two separate installments: one to reimburse the Developer for the total approved invoices to date; and one to be issued upon completion of construction of any Tax Increment Financed Infrastructure Improvements and approval of the invoices and costs related thereto, but no later than June 30, 2011 (the “Additional Tax Increment Financed Infrastructure Improvements”).

1.12. The Developer has represented in the Development Agreement that it will retain the Series 2009 Notes in its investment portfolio and has no present intention to offer or sell the Series 2009 Notes to members of the public.

1.13. Findings and Determinations. This Commission made certain findings and determinations in Section 2 of the Original Resolution. Those findings and determinations are hereby ratified and confirmed in light of the findings in this Section 1 and the terms and conditions of the Series 2009 Notes as provided in this Supplemental Resolution. In particular, it is hereby found, determined and declared that the estimated Tax Increment to be received by the City from the Urban Renewal Area, upon completion of the Federal Courthouse/4th Avenue NW Project and the West Bank Properties Project as set forth in Section 1.08, and pledged to the payment of the Series 2009A Bonds and to be pledged to the Series 2009 Notes will be sufficient to pay the principal thereof and interest thereon when due.

Section 2. Issuance of Series 2009 Notes; Form.

2.01. Issuance of Series 2009 Notes. Based on the findings set forth in Section 1, this Commission hereby authorizes the issuance of the Series 2009 Notes, to be denominated “Tax

Increment Urban Renewal Subordinate Lien Revenue Notes, Series 2009,” in the aggregate principal amount of \$900,000, in accordance with the provisions of the Original Resolution and this Supplemental Resolution.

2.02. Form of Series 2009 Notes. The Series 2009 Notes to be issued pursuant to this Supplemental Resolution shall be issued in two installments designated the Series 2009A Note and the Series 2009B Note and shall be prepared in substantially the form attached hereto as Exhibit A (which is incorporated by reference and made a part hereof) with such appropriate variations, omissions and insertions as may be required to denote the separate series thereof and as are permitted or required by the Original Resolution or this Supplemental Resolution.

Section 3. The Series 2009 Notes.

3.01. Terms of Notes, Interest Rate, and Payment Dates. The Series 2009 Notes shall bear interest at the rate of 5.60% from their date of delivery, until paid or discharged.

The Series 2009 Notes shall be prepayable, at the option of the City, in whole or in part on any Business Day. Interest on the Note shall be calculated on the basis of a year of 360 days composed of twelve 30-day months. The Series 2009 Notes shall be issuable only in fully registered form, and the ownership of the Series 2009 Notes shall be transferred only upon the note register of the City hereinafter described. Principal of and interest on the Series 2009 Notes are payable in lawful money of the United States of America. Interest only on the Series 2009 Notes shall be payable on July 1, 2011. Principal and interest on the Series 2009 Notes shall be payable on January 1 and July 1 in each year, commencing January 1, 2012, and continuing through July 1, 2034, by check or draft of the Registrar mailed to the owners of record thereof as such appear in the note register as of the close of business on the last day of the immediately preceding month, whether or not such day is a business day.

The Series 2009 Notes shall bear an original issue date as of their respective dates of execution, authentication, and delivery to the Developer.

3.02. Series 2009A Note. The Series 2009A Note shall be issued in the principal amount of \$761,463. Principal of and interest on the Series 2009A Note shall be paid in the amounts and on the dates as shown on a schedule of payments to be appended to the Series 2009A Note as of its date of issuance and delivery.

3.03. Series 2009B Note. The Series 2009B Note will be issued by the City in a principal amount equal to the approved paid invoices for the Additional Tax Increment Financed Infrastructure Improvements approved in accordance with the Development Agreement, not to exceed \$138,537. Principal of and interest on the Series 2009B Note will be paid in the amounts and the dates as shown on a schedule of payments to be appended to the Series 2009B Note as of its date of issuance and delivery.

3.04. System of Registration. The City hereby appoints the City Fiscal Services Director to act as registrar, transfer agent and paying agent (the “Registrar”). The City reserves the right to appoint a bank, trust company or financial institution as successor bond registrar, transfer agent or paying agent, as authorized by the Model Public Obligations Registration Act of

Montana, Montana Code Annotated, Title 17, Chapter 5, Part 11, as amended (the “Registration Act”), but the City agrees to pay the reasonable and customary charges of the Registrar for the services performed. This Section 3.03 shall establish a system of registration for the Series 2009 Notes as defined in the Registration Act.

The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

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

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

(c) Exchange. Whenever any Series 2009 Notes is surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Series 2009 Notes 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 2009 Notes surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the City.

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

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name any Series 2009 Notes is at any time registered in the bond register as the absolute owner of such Series 2009 Note, whether such Series 2009 Note 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 2009 Note 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 2009 Note to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Series 2009 Notes (except upon a partial redemption of Series 2009 Notes pursuant to Section 3.05), the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

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

3.05. Prepayment; Redemption. The Series 2009 Notes are prepayable by the City, at its option, in whole or in part on any business day upon 30 days written notice to the Purchaser. Upon partial prepayment of a Series 2009 Note, the outstanding principal amount thereof will be reamortized by the City Fiscal Services Director who shall deliver a copy of the new amortization schedule to the holder of the Series 2009 Note.

3.06. Execution and Delivery. The Series 2009 Notes 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 by the signatures of the Mayor, the City Manager, the City Fiscal Services Director, and the City Clerk; provided that said signatures may be printed, engraved or lithographed facsimiles thereof. The seal of the City need not be affixed to or imprinted on any Series 2009 Notes. In case any officer whose signature or a facsimile of whose signature shall appear on the Series 2009 Notes shall cease to be such officer before the delivery of any Series 2009 Notes, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Series 2009 Notes shall be valid or obligatory for any purpose or be entitled to any security or benefit under the Note Resolution unless and until a certificate of authentication on such Series 2009 Note has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on each Series 2009 Note need not be signed by the same representative. The executed certificate of authentication on each Series 2009 Note shall be conclusive evidence that it has been authenticated and delivered under the Note Resolution and in accordance with the provisions hereof. When the Series 2009 Notes have been fully executed and authenticated, they shall be delivered by the Registrar to the Purchaser

upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

3.07. Transcript Certification. The officers of the City are directed to furnish to the Purchaser and to bond counsel certified copies of all proceedings and information in their official records relevant to the authorization and issuance of the Series 2009 Notes, 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 2009 Notes, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations and recitals of the City as to the correctness of all facts stated therein and the completion of all proceedings stated therein to have been taken.

Section 4. Security for the Series 2009 Notes.

4.01. Creation of Series 2009 Subordinate Lien Note Account. Pursuant to Section 4 of the Original Resolution, there is hereby created in the Tax Increment Fund a Series 2009 Subordinate Lien Note Account. There are hereby established within the Bond Account two separate subaccounts, designated as the Interest Account and the Sinking Fund Account.

4.02. Pledge of Tax Increment to the Subordinate Lien Note Account. All Tax Increment remaining after the allocation required in Section 5.02 of the Original Resolution to the Interest Account, the Sinking Fund Account, and the Reserve Account for the Bonds, and the payment of the City's annual costs in administering the District in an amount not to exceed the amount approved for the administration of the District pursuant to the City's annual budget, and the payment of City costs associated with Series 2009 Notes, not to exceed \$40,000, shall be credited to the Series 2009 Subordinate Lien Note Account (a) first, to the Interest Account, until the balance on hand in the Interest Account is at least equal to all interest on the Series 2009 Notes due and payable from the Interest Account within the next six full calendar months; and (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 the principal due and payable from the Sinking Fund within the next six full calendar months in an amount sufficient to pay the interest on the Series 2009 Notes. Any amounts remaining after deposit to the Series 2009 Subordinate Lien Note Account as required herein shall be credited to the General Tax Increment Development Fund as provided in Section 5.06 of the Original Resolution.

4.03. Failure to Pay Interest and Principal as Due. Default in the payment of any interest on the Note when it becomes due does not constitute an event of default, but interest shall accrue on any unpaid interest from the interest payment date. Default in the payment of interest and principal attributable to insufficient Tax Increment shall not constitute an Event of Default before the final Stated Maturity of the Note so long as interest shall accrue on the over-due installments of interest.

If not all principal of and accrued but unpaid interest on the Series 2009 Notes has been paid or duly provided for on July 1, 2034 when due, such shall constitute an Event of Default, and as authorized by Section 7-15-4292(1)(b) of the Act, all principal and interest then due and interest on past-due installments of interest and past-due installments of principal, if any, shall

continue to be obligations of the City payable from Tax Increment; provided, however, that, notwithstanding anything to the contrary contained in the Series 2009 Notes, interest on all such amounts shall cease to accrue from and after July 31, 2034.

Funds on hand in the Subordinate Lien Note Account shall be applied to the payment of the Series 2009 Notes as follows: first, to the payment of interest on past-due interest; second, to the payment of past-due interest; third, to the payment of accrued and unpaid interest that is then due and payable; fourth, to the payment of past-due principal; fifth, to the payment of principal due thereon.

4.04. Lien on Tax Increment. The Series 2009 Notes are issued under Section 4.04 of the Original Resolution as subordinate lien obligations and shall be payable solely out of the Tax Increment pledged to the Series 2009 Subordinate Lien Note Account. The City shall keep, perform and observe each and every of its covenants and undertakings set forth in the Original Resolution.

Section 5. Other Covenants of the City.

5.01. Punctual Payment. The City will punctually pay or cause to be paid the principal and interest to become due in respect to all the Series 2009 Notes, in strict conformity with the terms of the Series 2009 Notes 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 Series 2009 Notes. 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.

5.02. 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 Series 2009 Notes 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 Series 2009 Notes then outstanding and of all claims for interest which shall not have been so extended or funded.

5.03. 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 Series 2009 Notes.

Section 6. Tax Matters.

6.01. Use of Tax Increment Financed Infrastructure Improvements. The Tax Increment Financed Infrastructure Improvements have been constructed by the Developer and have been accepted by the City as part of its public improvements. The Tax Increment Financed

Infrastructure Improvements will be owned and maintained by the City and available for use by members of the general public on a substantially equal basis. The City shall not enter into any lease, use or other agreement with any non-governmental person relating to the use of the Tax Increment Financed Infrastructure Improvements or security for the payment of the Series 2009 Notes which might cause the Series 2009 Notes to be considered “private activity bonds” or “private loan bonds” within the meaning of Section 141 of the Code.

6.02. General Covenant. The City covenants and agrees with the owners from time to time of the Series 2009 Notes 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 either series of Series 2009 Notes to become includable in gross income for federal income tax purposes under the Code and applicable Treasury Regulations (the “Regulations”), and covenants to take any and all actions within its powers to ensure that the interest on both series of Series 2009 Notes will not become includable in gross income for federal income tax purposes under the Code and the Regulations.

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

6.04. Arbitrage Rebate Exemption.

(a) The City hereby represents that the Series 2009 Notes qualify for the exception for small governmental units to the arbitrage rebate provisions contained in Section 148(f) of the Code. Specifically, the City represents:

(1) Substantially all (not less than 95%) of the proceeds of the Series 2009 Notes will be used for local governmental activities of the City.

(2) The aggregate face amount of all “tax-exempt bonds” (including warrants, contracts, leases and other indebtedness, but excluding private activity bonds and current refunding bonds) issued by or on behalf of the City and all subordinate entities thereof during 2009 is not reasonably expected to exceed \$5,000,000. To date in 2009, neither the City nor any such subordinate entity has issued such tax-exempt bonds.

(b) If notwithstanding the provisions of paragraph (a) of this Section 7.04, the arbitrage rebate provisions of Section 148(f) of the Code apply to the Series 2009 Notes, the City hereby covenants and agrees to make the determinations, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 148(f) and applicable Regulations.

6.05. Information Reporting. The City shall file with the Secretary of the Treasury, not later than February 15, 2010, a statement concerning the Series 2009 Notes containing the information required by Section 149(e) of the Code.

6.06 Qualified Tax-Exempt Obligations. Pursuant to Section 265(b)(3)(B)(ii) of the Code, the City hereby designates the Series 2009 Notes as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. The City has not designated any obligations in 2009 other than the Series 2009 Bonds under Section 265(b)(3). The City hereby represents that it does not anticipate that obligations bearing interest not includable in gross income for purposes of federal income taxation under Section 103 of the Code (including refunding obligations as provided in Section 265(b)(3) of the Code and including “qualified 501(c)(3) bonds” but excluding other “private activity bonds,” as defined in Sections 141(a) and 145(a) of the Code) will be issued by or on behalf of the City and all “subordinate entities” of the Urban Renewal Area in 2009 in an amount greater than \$30,000,000.

Section 7. Effective Date. This Supplemental Resolution shall be in full force and effect from and after its final passage and approval according to law.

PASSED AND ADOPTED by the City Commission of the City of Great Falls, Montana,
_____, 2009.

Dona R. Stebbins, Mayor

ATTEST:

Lisa Kunz, City Clerk

(Seal of the City)

APPROVED FOR LEGAL CONTENT:

Chad Parker, Acting City Attorney

EXHIBIT A

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF CASCADE

CITY OF GREAT FALLS

TAX INCREMENT URBAN RENEWAL SUBORDINATE LIEN REVENUE NOTE
SERIES _____

Note ____

\$_____

REGISTERED OWNER: West Bank Properties, LLC
4415 River Drive North
Great Falls, Montana 59403

FOR VALUE RECEIVED, THE CITY OF GREAT FALLS (the “City”), a duly organized and validly existing municipal corporation located in Cascade County, Montana, acknowledges itself to be specially indebted and hereby promises to pay to the registered owner named above, or registered assigns, the principal amount specified above or, if this Note is prepayable as stated herein, on any date prior thereto on which this Note shall have been duly called for redemption, and to pay interest on said principal amount to the registered owner hereof from its date of delivery or from such later date to which interest has been paid or duly provided for until this Note is paid. Interest only on the Note shall be paid July 1, 2011. Installments of principal and interest on this Note in the amounts set forth on Schedule I attached hereto shall be payable on each January 1 and July 1, commencing on January 1, 2012 and continuing through July 1, 2034. Interest and principal of this Note are payable to the registered holder by check or draft of the City Fiscal Services Director of the City of Great Falls, Montana, as bond registrar and paying agent, or its successor designated under the Resolution described herein (the “Note Registrar”).

This [_____] Note is one of a series of two authorized “Tax Increment Urban Renewal Subordinate Lien Revenue Notes” of the City to be issued in the aggregate principal amount of \$900,000 (the “Series 2009 Notes”), issued and secured by resolutions adopted by the City Commission of the City, including Resolution No. 9815, adopted July 21, 2009, Resolution No. 9843, adopted October 20, 2009 (as so amended and supplemented and as from time to time hereafter amended and supplemented in accordance with its terms, 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 Holder of the Series 2009 Notes and the City and the terms upon which the Series 2009 Notes (as defined in the Resolution) are to be delivered. As provided in the Resolution, this [_____] Note is issued in the principal amount of [_____] (\$[____]) by the City for the purpose of reimbursing West Bank Properties, LLC for the cost of a certain urban renewal project (the “West Bank Properties Project”) within the Great Falls Urban Renewal Area (the “Urban Renewal Area”) of the City, thereby assisting activities in the public interest and for the public welfare of the City.

This [_____] Note is issued pursuant to and in full compliance with the Constitution and laws of the State of Montana and the home rule charter of the City, particularly Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the “Act”), and pursuant to the Resolution. This [_____] Note is payable solely from Tax Increment received by the City and credited to the Series 2009 Subordinate Lien Note Account as defined in the Resolution. The payment of this [_____] Note and the lien of the Tax Increment is subordinate to the payment of the City’s \$2,000,000 Tax Increment Revenue Bonds, Series 2009 (Federal Courthouse/4th Avenue NW Project) (the “Series 2009A Bonds”). Tax Increment results 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 and includes payments in lieu of taxes and any replacement revenues received from the City for the benefit of the Urban Renewal Area as reimbursements for lost tax increment attributable to changes in rates of taxation on classes of property or any payments received by the City designated as replacement revenues for lost tax revenues in the Urban Renewal Area. [It is anticipated that the City will issue the Series 2009B Note in the principal amount of \$138,537, on or before June 30, 2011 payable on parity with the Series 2009A Note.] By the Resolution, the City has pledged the Tax Increment received by the City to the Series 2009 Subordinate Lien Note Account after all deposits are made to the Tax Increment Debt Service Fund and Reserve Fund for the Series 2009A Bonds.

This [_____] Note is not a general obligation of the City and the City’s general credit and taxing powers are not pledged to the payment of the Series 2009 Notes or the interest thereon. The Series 2009 Notes shall not constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter limitations. The payment of the Series 2009 Notes is subordinate to the payment of the Series 2009A Bonds.

Outstanding principal of this Note shall bear interest from its date of delivery until paid at the rate of five and sixty hundredths of one percent (5.6)% per annum. As used herein, “Business Day” means any day other than (i) a Saturday or Sunday, or (ii) a legal holiday in the State of Montana. Interest on the Note shall be calculated on the basis of a year of 360 days composed of twelve 30-day months. Closing shall mean the day of execution and delivery of the Series 2009 Notes and receipt of the purchase price thereof.

This Note is prepayable by the City, at its option, in whole or in part on any business day upon 30 days written notice to the Purchaser. Upon partial prepayment of this Note, the outstanding principal amount thereof will be reamortized by the City Fiscal Services Director who will forward a copy of the new amortization schedule to the Registered Owner. The City Fiscal Services Director, at least ten days prior to the designated redemption date, shall give the Holder notice of the date and amount of any prepayment portions thereof shall cease to bear interest.

As provided in the Resolution and subject to certain limitations set forth therein, this Note is transferable upon the books of the City at the office of the 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 Registrar, duly executed by the registered owner or his attorney. Upon any such transfer or exchange, the City will cause a new Note 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 and the Registrar may deem and treat the person in whose name this Note is registered as the absolute owner hereof, whether this Note is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND DECLARED that all acts, conditions and things required by the Constitution and laws of the State of Montana and the home rule charter and ordinances and resolutions of the City to be done, to exist, to happen and to be performed in order to make this Note 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 Note has been issued by the City in connection with urban renewal projects (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 holders from time to time of the Note issued thereunder including covenants that it will pledge, appropriate and credit the Tax Increment derived from the Urban Renewal Area to the Series 2009 Subordinate Lien Note Account after the required credit to the Tax Increment Debt Service Fund of the City for the payment of the Series 2009A Bonds; that the pledge of the Tax Increment to the prepayment of the Series 2009 Notes is subordinate to the Series 2009A Bonds; that no additional bonds may be issued and made payable from the Tax Increment Debt Service Fund on a parity with the outstanding Series 2009A Bonds or from the Subordinate Lien Note Account on a parity with the outstanding Series 2009 Notes until the Series 2009 Notes are paid or redeemed; that all provisions for the security of the Holders of the Notes as set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that the issuance of this Note does not cause the indebtedness of the City to exceed any constitutional, statutory or charter limitation.

This Note 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 Note Registrar by the manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Great Falls, Cascade County, Montana, by its City Commission, has caused this Note and the certificate on the reverse side hereof to be executed by the facsimile signatures of the Mayor, the City Manager, the City Fiscal Services Manager, 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 is one of the Tax Increment Urban Renewal Revenue Note, Series 2009, delivered pursuant to the Resolution mentioned within.

CITY FISCAL SERVICES DIRECTOR,
CITY OF GREAT FALLS,
as Note Registrar, Transfer Agent
and Paying Agent

By _____

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

TEN COM --	as tenants in common	UTMA.....Custodian..... (Cust) (Minor)
TEN ENT --	as tenants by the entireties	
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	under Uniform Transfers to Minors Act..... (State)

Additional abbreviations may also be used.

ASSIGNMENT

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

Date: _____

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE:

/ _____/

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

SIGNATURE GUARANTEE

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