

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Billings, Yellowstone County, Montana (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. 98-17420, entitled: "RESOLUTION RELATING TO \$388,850.00 GOLF COURSE ENTERPRISE FUND REVENUE BOND, SERIES 1998; AUTHORIZING THE ISSUANCE, AWARDING THE SALE AND FIXING THE TERMS AND CONDITIONS THEREOF AND CREATING SPECIAL FUNDS AND ACCOUNTS AND PLEDGING CERTAIN REVENUES AS SECURITY THEREFOR" (the "Resolution"), on file in the original records of the City in my legal custody.

WITNESS my hand officially this 26 day of Oct, 1998.



Marita Herold
City Clerk

RESOLUTION NO. 98-17420

RESOLUTION RELATING TO \$388,850.00 GOLF COURSE ENTERPRISE FUND REVENUE BOND, SERIES 1998; AUTHORIZING THE ISSUANCE, AWARDED THE SALE AND FIXING THE TERMS AND CONDITIONS THEREOF AND CREATING SPECIAL FUNDS AND ACCOUNTS AND PLEDGING CERTAIN REVENUES AS SECURITY THEREFOR

BE IT RESOLVED by the City Council of the City of Billings, 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:

Act shall mean Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as heretofore and hereafter amended or supplemented.

Board of Investments or Board shall mean the Board of Investments of the State of Montana, or any successor to its functions under State law.

Bonds shall mean the Series 1998 Bond and any Additional Bonds.

Bondholder shall mean the Board of Investments.

Bond Register shall mean, with respect to the Series 1998 Bond, the registration books maintained by the Finance Director pursuant to Section 4.02.

Business Day shall mean any day other than a Saturday, Sunday or other day on which commercial banks located in the City in which the principal office of the Registrar are not open for business or are authorized by law to close.

City shall mean the City of Billings, Montana, its successors and assigns.

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

Council shall mean the City Council of the City or any successor governing body of the City.

Construction Account shall mean the account created by Section 7.02.

Debt Service Account shall mean the account created by Section 7.04.

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 year, or any other specified twelve-month period, authorized by law and specified by the Council as the fiscal year of the City.

Golf Course shall mean the City's municipal golf course, as it may at any time exist, including any replacement, expansion and improvement thereof.

Golf Course Enterprise Fund shall mean the fund created by Section 7.01.

Holder shall mean a Bondholder.

Interest Payment Date shall mean each February 15 and August 15, or any date specified in the Bond and in this Resolution as a fixed date for payment 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 if by early redemption.

Net Revenues shall mean the Revenues for a specified period less the Operating Expenses for the same period.

1998 Project shall mean the improvements to the golf course described in Section 1.03.

Operating Expenses shall mean the current expenses, paid or accrued, of operation, maintenance and minor repair of the golf course, excluding interest on the Bonds and depreciation, as calculated in accordance with generally accepted accounting principles, and shall include, without limitation, administrative expenses of the City relating solely to the golf course, premiums for insurance on the properties thereof, labor and the cost of materials and supplies used for current operation and for maintenance, and charges for the accumulation of appropriate reserves for current expenses which are not recurrent regularly but may reasonably be expected to be incurred.

Original Purchaser shall mean, with respect to any series of Bonds, the Board of Investments.

Outstanding shall mean, when used with reference to Bonds, as of the date of determination, all Bonds unpaid.

Person shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Principal and Interest Requirements shall mean, with respect to any Outstanding Bonds and for any Fiscal Year, the amount of principal of and interest on such Bonds due and payable during such Fiscal Year.

Principal Payment Date shall mean each August 15 or any date specified in the Bond and in this Resolution as a fixed date for payment of an installment of principal on any of the Bonds.

Project shall mean an improvement, betterment, reconstruction or extension of the golf course, including, without limitation, the 1998 Project.

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

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

Registrar shall mean, with respect to the Series 1998 Bond, the Finance Director of the City.

Reserve Account shall mean the account created by Section 7.05.

Reserve Requirement shall mean \$35,000.00.

Resolution shall mean this Resolution No. 98-17420

Revenues shall mean all revenues and receipts from rates, fees, charges and rentals imposed for the availability, benefit and use of the golf course, and from penalties and interest thereon, and from any sales of property which is a part of the golf course and income received from the investment of such revenues and receipts, including interest earnings on the accounts of the golf course.

Series 1998 Bond shall mean the City's Golf Course Enterprise Fund Revenue Bond, Series 1998, issued in the original principal amount of \$388,850.00 pursuant to this Resolution.

State shall mean the State of Montana.

Stated Maturity when used with respect to any Bond shall mean the date specified in such Bond as the fixed date on which the principal of such Bond is due and payable.

1.02. Authorization. Under the Act, the City is authorized to issue and sell its revenue bonds payable during a term not exceeding forty years from their date of issue, to provide funds for the reconstruction, improvement, betterment and extension of a municipal golf course, provided that the bonds and the interest thereon are to be payable solely out of the income and revenues to be

derived from rates, fees and charges for the services, facilities and commodities furnished by such golf course, and are not to create any obligation for the payment of which taxes may be levied except to pay for services provided by the golf course to the City.

1.03. The 1998 Project. The City, has determined the necessity of upgrading the golf course by the 1998 Project. The 1998 Project consists of constructing a new clubhouse. The estimated cost of the project is \$463,850.00 with the City receiving approximately \$385,000.00 in Bond proceeds of which \$35,000.00 is for a reserve, and the balance from the City either from the golf course enterprise fund or from other sources. This Resolution authorizes up to \$388,850.00; the City understands that the Board of Investments has approved \$277,750.00 and that at its next meeting on November 5-6, 1998, the Board will consider the City's request for an additional \$110,000.00.

1.04. Outstanding Indebtedness. No bonds or other indebtedness are outstanding that are payable in whole or in part from or secured by revenues of the golf course.

1.05. Net Revenues Available. The City is authorized to charge just and equitable rates, charges and rentals for all services directly or indirectly furnished by the golf course, and to pledge and appropriate to the Series 1998 Bond the Net Revenues to be derived from the operation of the golf course. The Net Revenues to be produced by such rates, charges and rentals during the term of the Series 1998 Bond and the useful life of the improvements financed thereby will be more than sufficient to pay the principal and interest when due on the Series 1998 Bond, and to create and maintain reasonable reserves therefor and to provide an allowance for replacement and depreciation, as herein prescribed.

1.06. Sale of Series 1998 Bond. Pursuant to the authority recited in Section 1.01 and for the purpose of a portion of the cost of the 1998 Project, this Council hereby authorizes the issuance of the Series 1998 Bond. It is hereby found and determined to be necessary and expedient for the City to issue and sell to the Board of Investments, pursuant to Montana Code Annotated, Section 7-7-4433(2)(a), the Series 1998 Bond, to be designated as the "Golf Course Enterprise Fund Revenue Bond, Series 1998," in the principal amount not to exceed \$388,850.00, at a price equal to its principal amount. The costs of the 1998 Project, not financed by the Series 1998 Bond will be paid from money that the City has on hand or available from golf course enterprise funds.

1.07. Recitals. All acts, conditions and things required by the Constitution and laws of the State to be done, to exist, to happen and to be performed prior to the issuance of the Series 1998 Bond have been done, do exist, have happened, and have been performed in due time, form and manner, wherefore it is now necessary for this Council to establish the form and terms of the Series 1998 Bond, to provide for the security thereof and to issue the Series 1998 Bond forthwith.

Section 2. The Bonds. The Bonds shall be special, limited obligations of the City. Principal of, premium, if any, and interest on the Bonds shall be payable solely from Net Revenues (other than to the extent payable out of proceeds of the Bonds). The Bonds shall not be or constitute

a pledge of the general credit or taxing powers of the City of any kind whatsoever. Neither the Bonds nor any of the agreements or obligations of the City contained herein shall be construed to constitute an indebtedness of the State or the City within the meaning of any constitutional or statutory provisions whatsoever.

Section 3. Form of the Series 1998 Bond. The Series 1998 Bond shall be prepared in substantially the form attached as Exhibit A hereto, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution.

Section 4. Terms of the Series 1998 Bond.

4.01. Date, Maturity and Interest. The Series 1998 Bond to be issued and sold pursuant to this Resolution shall be designated a Golf Course Enterprise Fund Revenue Bond, Series 1998, shall be in the principal amount not to exceed \$388,850.00, shall be one in number, shall be dated as of the date of delivery thereto and payment therefor by the Board of Investments, and shall bear interest from the date of issuance of the Series 1998 Bond at the rate per annum equal to the Variable Rate (as hereinafter defined), as such may be adjusted from time to time as hereinafter provided. Interest shall be computed on the basis of a 365-day year, based on the actual number of days elapsed. Interest shall be payable on each Interest Payment Date, commencing February 15, 1999, and principal installments of the Series 1998 Bond shall be payable on August 15 in each of the years 1999 to and including 2008 (each a Principal Payment Date), with principal payable on such Payment Dates in the respective amounts set forth in Exhibit B hereto (which is hereby incorporated herein and made a part hereof), with interest then accrued and unpaid on the outstanding principal amount hereof. All outstanding principal, together with accrued and unpaid interest hereon shall be payable on the final Principal Payment Date, August 15, 2008.

Outstanding principal installments of the Series 1998 Bond shall bear interest from the date thereof until paid at the Variable Rate, as such may be adjusted from time to time as hereinafter provided. Until the initial Adjustment Date (as hereinafter defined), the Variable Rate shall be 4.85 percent per annum. Thereafter, for each Adjustment Period (as hereinafter defined), the Variable Rate shall be the rate per annum equal to the interest rate in effect on the Board of Investment's INTERCAP Program as of the Adjustment Date, but in no event to exceed fifteen percent (15.00%) per annum. As used herein, "Adjustment Date" means February 16 in the years 1999 through 2008 and "Adjustment Period" means the period beginning on an Adjustment Date and ending on the day before the next succeeding Adjustment Date or the final stated maturity of the Series 1998 Bond, whichever is earlier; provided that if the Series 1998 Bond is not paid at its final stated maturity, the final Adjustment Period with respect to the Series 1998 Bond shall extend until all principal installments hereof are paid or provision has been duly made for their payment.

4.02. Registration. The Series 1998 Bond shall be fully registered as to both principal and interest and shall be registered in the name of and payable to the Board of Investments.

4.03. Redemption. The City may redeem any installment of principal of the Bonds on any Business Day at a price equal to the principal amount to be redeemed plus interest accrued to the date of redemption provided that the City gives at least thirty days notice to the Holder.

4.04. Execution and Delivery. The Series 1998 Bond shall be prepared under the direction of the City Clerk and shall be executed on behalf of the City by the signatures of the Mayor, City Clerk and countersigned by the Finance Director, and sealed with the official corporate seal of the City. When the Series 1998 Bond has been executed, the Finance Director shall cause it to be dated as of the date of delivery and delivered to the Board of Investments, as purchaser thereof, upon payment of the purchase price heretofore agreed upon.

Section 5. Use of Proceeds of Series 1998 Bond. The proceeds of the Series 1998 Bond are hereby appropriated to the Golf Course Enterprise Fund created by this Resolution and shall be deposited in the Reserve Account created therein by this Resolution in an amount equal to the initial Reserve Requirement and the balance of the proceeds shall be deposited in the Construction Account created by this Resolution and applied to the costs of the 1998 Project.

Section 6. Additional Bonds. No additional bonds are authorized by this Resolution. The City agrees that if additional bonds are necessary and if they are to be issued and secured by the revenues of the golf course, that the City will redeem all outstanding Series 1998 Bonds before issuing additional bonds.

Section 7. Golf Course Enterprise Fund.

7.01. Bond Proceeds and Revenues Pledged and Appropriated. A special Golf Course Enterprise Fund is hereby created and shall be maintained as a separate bookkeeping account on the official books of the City until all Bonds and interest and redemption premiums due thereon have been fully paid, or the City's obligations with reference to such Bonds has been discharged as provided in Section 10. All proceeds of Bonds and all other funds presently on hand derived from the operation of the golf course are irrevocably pledged and appropriated to the Golf Course Enterprise Fund. In addition, there is hereby irrevocably pledged and appropriated to the Golf Course Enterprise Fund all Revenues. Within the Golf Course Enterprise Fund shall be separate accounts designated and described in Sections 7.02 through 7.07, to segregate income and expenses received, paid and accrued for the respective purposes described in those sections. The Revenues received in the Golf Course Enterprise Fund shall be apportioned monthly as of the first day of each month, commencing October 1998.

7.02. Construction Account. The Construction Account is hereby established as a separate account within the Golf Course Enterprise Fund. Upon delivery of the Series 1998 Bond, the City shall credit to the Construction Account, the proceeds of the Series 1998 Bond, to be applied to the payment of costs of the 1998 Project. Any amount not used for Project Costs shall be transferred to the Reserve Account to the extent required to establish the Reserve Requirement therein and, to the extent not so required, to the Debt Service Account.

7.03. Operating Account. The Operating Account is hereby established as a separate account within the Golf Course Enterprise Fund. As of each monthly apportionment there shall be set aside and credited to the Operating Account, as a first charge on the Revenues, such amount as may be required over and above the balance then held in the Operating Account to pay the reasonable and necessary Operating Expenses of the golf course which are then due and payable, or are to be paid prior to the next monthly apportionment. Operating Expenses shall not include any allowance for interest expense or depreciation, renewals or replacements of capital assets of the golf course and shall not include any portion of the salaries or wages paid to any officer or employee of the City, except such portion as shall represent reasonable compensation for the performance of duties necessary to the operation of the golf course. Money in the Operating Account shall be used solely for the payment of current Operating Expenses of the golf course.

7.04. Debt Service Account. The Debt Service Account is hereby established as a separate account within the Golf Course Enterprise Fund. As of each monthly apportionment there shall be credited to the Debt Service Account out of the Net Revenues remaining after the credit to the Operating Account an amount equal to the principal of and interest on the Series 1998 Bond payable on the next succeeding installment payment date provided that the City shall be entitled to reduce a monthly apportionment by the amount of any surplus previously credited and then on hand in the Debt Service Account. Money from time to time held in the Debt Service Account shall be disbursed only to meet payments of principal of and interest on the Bonds as such payments become due; provided that on any date when the amount then on hand in the Debt Service Account, plus the amount in the Reserve Account allocable to a series of Bonds, are sufficient with other moneys available for the purpose to pay or discharge all Bonds of that series and the interest accrued thereon in full, they may be used for that purpose. If any payment of principal or interest becomes due when money in the Debt Service Account is temporarily insufficient therefor, such payment shall be advanced from available funds then on hand in the Reserve Account.

7.05. Reserve Account. The Reserve Account is hereby established as a separate account within the Golf Course Enterprise Fund. From the proceeds of the Series 1998 Bond, there shall be deposited an amount equal to the initial Reserve Requirement. Thereafter, upon each monthly apportionment, if the balance in the Reserve Account is less than the Reserve Requirement, all Net Revenues in the Golf Course Enterprise Fund remaining after the required credit to the Debt Service Account shall be credited to the Reserve Account until the balance therein equals the Reserve Requirement.

If on any Interest Payment Date or Principal Payment Date there shall exist a deficiency in the Debt Service Account, the City shall immediately transfer from the Reserve Account to the Debt Service Account an amount equal to such deficiency.

Money held in the Reserve Account shall be used only to pay maturing principal and interest when money in the Debt Service Account is insufficient therefor or to pay a series of Bonds as provided in Section 7.04.

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 Debt Service Account to establish the required balance therein.

7.06. Transfers from Golf Course Not Allowed. No money shall at any time be transferred from any account of the Golf Course Enterprise Fund to any other fund of the City, nor shall such moneys at any time be loaned to other City funds or invested in warrants, special improvement bonds or other obligations payable from other funds.

Section 8. Covenants.

8.01. General. The City covenants and agrees with the Holder that until all Bonds are fully discharged as provided in this Resolution, it will continue to hold, maintain and operate the golf course as a public convenience, free from all liens thereon or on the income therefrom other than the liens herein granted or provided for, and will maintain, expend and account for its Golf Course Enterprise Fund and the several accounts therein as provided in Section 7, and will not incur a further lien or charge on the income or revenues of the golf course except upon the conditions and in the manner prescribed in Section 6, and will perform and cause all officers and employees of the City to perform and enforce each and all of the additional covenants and agreements set forth in this Section 8. The City further covenants to cause the golf course to be properly maintained.

8.02. Property Insurance. The City will cause all buildings, properties, fixtures and equipment constituting a part of the golf course to be kept insured with a reputable insurance carrier or carriers, qualified under the laws of the State, in such amounts as are ordinarily carried, and against loss or damage by such hazards and risks as are ordinarily insured against, by public bodies owning and operating properties of a similar character and size.

8.03. Liability Insurance and Surety Bonds. The City will carry insurance against liability of the City and its employees for damage to persons and property resulting from the operation of the golf course in such amounts as the City determines from time to time to be necessary or advisable by reason of the character and extent of such operation.

8.04. Books and Records. The City will cause proper and adequate books of record and account to be kept showing complete and correct entries of all receipts, disbursements and other transactions relating to the golf course, the Net Revenues derived from its operation, and the segregation and application of the Net Revenues in accordance with this Resolution, in such reasonable detail as may be determined by the City in accordance with generally accepted accounting practice and principles.

8.05. Cost of Insurance and Accounting. The costs of insurance for the golf course and the costs of bookkeeping herein provided for and of the billings and collection of the Revenues shall be payable from the Operating Account.

8.06. Rates and Charges. While any Bonds are Outstanding and unpaid, the rates, charges and rentals for all services and facilities furnished and made available by the golf course to the City and its inhabitants, and to all customers within or without the boundaries of the City, shall be reasonable and just, taking into consideration the cost and value of the golf course and the cost of maintaining and operating them, and the amounts necessary for the payment of all Bonds and the interest accruing thereon, and the proper and necessary allowances for the depreciation of the golf course, and no free service shall be provided to any person or corporation. It is covenanted and agreed that the rates, charges and rentals to be charged to all recipients of golf course services shall be maintained and shall be revised whenever and as often as may be necessary, according to schedules such that the revenues for each fiscal year will be at least sufficient to pay the current expenses of operation and maintenance as herein defined, to maintain the operating reserve herein established, to produce Net Revenues during each Fiscal Year commencing with the fiscal year ending June 30, 1999, not less than 125% of the maximum Principal and Interest Requirements in the current or any future Fiscal Year and, if not otherwise so provided, to provide an allowance adequate for repairs, replacements and depreciation of the golf course.

If at the close of any Fiscal Year the Net Revenues actually received during such year have been less than required hereby, the City will forthwith prepare a schedule of altered rates, charges and rentals which are just and equitable and sufficient to produce Net Revenues and Surplus Net Revenues in such amount, and will do all things necessary to the end that such schedule will be placed in operation at the earliest possible date.

The establishment of the above ratio of Net Revenues available for the Debt Service Account is deemed necessary for the issuance of the Series 1998 Bond upon terms most advantageous to the City. The excess of the Net Revenues over the annual principal and interest and reserve requirements of the Series 1998 Bond may be used to redeem the Series 1998 Bond, if the City then determines such application to be advantageous as otherwise provided in Section 4.03 of this Resolution.

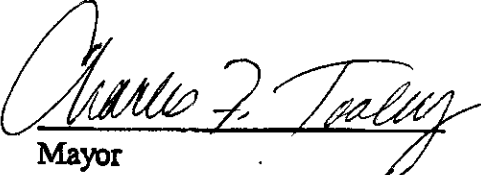
8.07. Billing. The charges for golf course services shall be billed at least monthly, and if the bill is not paid within 60 days of the date of billing, or if the customer fails to comply with all rules and regulations established for the golf course within 60 days after notice of violation thereof (which notice shall be given promptly upon discovery of any such violation), the golf course service to the premises involved shall be discontinued and shall not be resumed until payment of all past-due bills for golf course service and compliance with all such rules and regulations.

Section 9. Amendments to Resolution. As long as any Bonds are outstanding, the terms, conditions, and covenants of this Resolution may be amended only with the written consent of the City and the Bondholder.

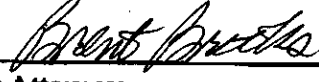
Section 10. Effective Date; Repeals. This Resolution shall become effective upon passage and all provisions of ordinances, resolutions and other actions and proceedings of the City which are

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.

Passed by the City Council of the City of Billings, Montana, on this 14th day of September, 1998.



Mayor

APPROVED AS TO FORM:



City Attorney

ATTEST:



City Clerk

(SEAL)



[Beginning of Bond Form]

EXHIBIT A
to Bond Resolution No. _____
Form of Bond

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF YELLOWSTONE

CITY OF BILLINGS

GOLF COURSE ENTERPRISE FUND REVENUE BOND
Series 1998

No. R-1

\$388,850.00

FOR VALUE RECEIVED, the City of Billings (the "City"), a duly organized municipal corporation of the State of Montana, acknowledges itself to be specially indebted and hereby promises to pay, solely from the Debt Service Account of its Golf Course Enterprise Fund, to the Board of Investments of the State of Montana (the "Board of Investments"), or registered assigns (the "Owner"), the principal sum not to exceed THREE HUNDRED EIGHTY-EIGHT THOUSAND EIGHT HUNDRED FIFTY DOLLARS (\$388,850.00), in installments as set forth below, and to pay interest thereon, solely from the Debt Service Account, at an interest rate per annum equal to the Variable Rate (as hereinafter defined). Principal and interest are payable in semiannual installments on each Payment Date (as hereinafter defined), with principal payable on such Payment Dates in the respective amounts set forth in Exhibit B hereto (which is hereby incorporated herein and made a part hereof), with interest then accrued and unpaid on the outstanding principal amount hereof. All outstanding principal, together with accrued and unpaid interest hereon, shall be payable on the final Payment Date. As used herein, "Payment Date" means each _____ and _____, commencing _____, 199_ and concluding _____, __. The installments of principal and interest are payable at the office of U.S. Bank Trust National Association MT (formerly known as First Trust Company of Montana National Association) as trustee for the INTERCAP Program, in Billings, Montana, or such other place as the Board of Investments shall designate.

This Bond is issuable pursuant to Montana Code Annotated, Title 7, Chapter 7, Parts 44 and 45, as amended (the "Act"), and a resolution duly adopted by the City Council of the City on _____, 1998 (the "Resolution"). This Bond comprises all of the Bonds of the series designated by its title (the "Series 1998 Bond") and is issued for the purpose of financing certain improvements (the "Improvements") to the municipal golf course of the City (the "Golf Course"), pursuant to and in full conformity with the Constitution and laws of the State of Montana and resolutions of the City thereunto enabling, including the Act and the Resolution, to which Resolution reference is made for the terms and conditions, other than those herein stated, upon which

this Bond is issued and secured. The Bonds, including the interest thereon, are payable solely from the revenues pledged to the payment thereof and do not constitute a debt of the City within the meaning of any constitutional or statutory limitation or provision.

Outstanding principal installments of this Series 1998 Bond shall bear interest from the date hereof until paid at the Variable Rate (as hereinafter defined), as such may be adjusted from time to time as hereinafter provided. Until the initial Adjustment Date (as hereinafter defined), the Variable Rate shall be _____ percent (____%) initially per annum and thereafter, for each Adjustment Period (as hereinafter defined), the Variable Rate shall be the rate per annum equal to the rate in effect on the Board of Investment's INTERCAP Program as of the Adjustment Date, but in no event to exceed fifteen percent (15.00%) per annum. As used herein, "Adjustment Date" means February 16 in the years __ through __, and "Adjustment Period" means the period beginning on an Adjustment Date and ending on the day before the next succeeding Adjustment Date or the final stated maturity of this Series 1998 Bond, whichever is earlier; provided that if this Series 1998 Bond is not paid at its final stated maturity, the final Adjustment Period with respect to this Series 1998 Bond shall extend until all principal installments hereof are paid or provision has been duly made for their payment.

The City may redeem any installment of principal of the Bonds on any Business Day at a price equal to the principal amount to be redeemed plus interest accrued to the date of redemption provided that the City gives at least thirty days notice to the Holder.

This Bond shall be registered in the name of the holder on the bond register of the City kept by the Finance Director as Bond Registrar. This Bond is not transferable.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that the City will prescribe and collect reasonable rates and charges for all services and facilities afforded by the golf course, including all additions thereto and replacements and improvements thereof. A special Golf Course Enterprise Fund has been created into which the Revenues (as defined in the Resolution) of the golf course will be paid, and a separate and special Debt Service Account will be created within that fund, into which will be credited periodically, at least once in each calendar month, Net Revenues of the golf course then on hand (the gross revenues remaining after the payment of operating expenses of the golf course) an amount not less than the installment next payable on the Series 1998 Bond, and that it will deposit to the Reserve Account in the Golf Course Enterprise Fund upon the issuance of this Series 1998 Bond \$_____ (the initial Reserve Requirement (as defined in the Resolution)), and thereafter, from each monthly apportionment, from remaining Net Revenues after the required credits to the Debt Service Account such additional amounts as may be necessary to maintain therein a balance equal to the Reserve Requirement; that the Debt Service Account and the Reserve Account will be used only to pay the principal of, premium, if any, and interest on Bonds; that the rates and charges for the golf course will, from time to time be made and kept sufficient to provide Net Revenues (Revenues less Operating Expenses, as defined in the Resolution) for each fiscal year at least equal to the amount of principal and interest payable on the Series 1998 Bond to maintain the balance in the Reserve Account at the Reserve

Requirement, to pay promptly the reasonable current expenses of operating and maintaining the golf course and to provide reserves for the repair and replacement of the golf course; that all provisions for the security of the holder of this Bond set forth in the Resolution will be punctually and faithfully performed as therein stipulated; that all acts, conditions and things required by the Constitution and laws of the State of Montana and the ordinances and resolutions of the City to be done, to exist, to happen and to be performed in order to make this Bond a valid and binding special obligation of the City according to its terms have been done, do exist, have happened and have been performed as so required; and that this Bond and the interest and premium, if any, hereon are payable solely from the Net Revenues of the golf course pledged and appropriated to the Debt Service Account and do not constitute a debt of the City within the meaning of any constitutional or statutory limitation or provision and the issuance of the Series 1998 Bond does not cause either the general or the special indebtedness of the City to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF the City of Billings, Yellowstone County, State of Montana, by its City Council, has caused this Bond to be executed on its behalf by the signatures of the Mayor and the City Manager, countersigned by the Finance Director, sealed with the official corporate seal of the City, and has caused this Bond to be dated as of _____, 1998.

City of Billings, Montana

By _____
Mayor

(SEAL)

APPROVED AS TO FORM:

Brent Brooks
City Attorney

ATTEST:

City Clerk

EXHIBIT B
to Bond Resolution No. _____

SCHEDULE OF PRINCIPAL INSTALLMENTS
PAYABLE ON THE SERIES 1998 BOND

Payment Date

Principal Installment

[End of Bond Form]