

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Billings, Montana (the City), hereby certify that the attached resolution is a true copy of Resolution No. 18100, entitled: **RESOLUTION RELATING TO SPECIAL IMPROVEMENT DISTRICT NO. 1365; DECLARING IT TO BE THE INTENTION OF THE CITY COUNCIL TO CREATE THE DISTRICT FOR THE PURPOSE OF UNDERTAKING CERTAIN LOCAL IMPROVEMENTS AND FINANCING THE COSTS THEREOF AND INCIDENTAL THERETO THROUGH THE ISSUANCE OF SPECIAL IMPROVEMENT DISTRICT BONDS SECURED BY THE CITY'S SPECIAL IMPROVEMENT DISTRICT REVOLVING FUND** (the Resolution" was duly adopted by the City Council of the City at a meeting on March 22, 2004, and that the meeting was duly held by the City Council 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.)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 Councilmembers voted in favor thereof: _____ unanimous _____
voted against the same: _____ none _____
or were absent: _____ Gaghan _____

WITNESS my hand officially this 22nd day of March, 2004.



Marita Herold
Marita Herold, CMC City Clerk

RESOLUTION NO. 04-18100

RESOLUTION RELATING TO SPECIAL IMPROVEMENT DISTRICT NO. 1365; DECLARING IT TO BE THE INTENTION OF THE CITY COUNCIL TO CREATE THE DISTRICT FOR THE PURPOSE OF UNDERTAKING CERTAIN LOCAL IMPROVEMENTS AND FINANCING THE COSTS THEREOF AND INCIDENTAL THERETO THROUGH THE ISSUANCE OF SPECIAL IMPROVEMENT DISTRICT BONDS SECURED BY THE CITY'S SPECIAL IMPROVEMENT DISTRICT REVOLVING FUND

BE IT RESOLVED by the City Council of the City of Billings (the City), Montana, as follows:

Section 1. Proposed Improvements: Intention To Create District.

The City proposes to undertake certain local Improvements (the "Improvements") to benefit certain property located in the City. The Improvements consist of water, sanitary sewer, curb and gutter, storm drainage, and street improvements as more particularly described in Section 5 and Exhibit E (which is hereby incorporated herein and made a part hereof). The total estimated costs of the Improvements are \$213,005.73, with construction costs summarized in Exhibit C (which is hereby incorporated herein and made a part hereof). As used herein, the costs of the Improvements shall include the costs of construction and contingency, testing, construction administration, and incidental costs associated with the selling of bonds. The costs of the Improvements are to be paid from the following sources: (1) Special Improvement District bonds hereinafter described in the amount of \$46,000.00 and (2) \$167,005.73 of cash contribution by Susan B. Lovely and Laure Taylor, Inc. as more particularly described in Section 9.E. It is the intention of this Council to create and establish in the City under Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42, as amended, a Special Improvement District (the "District") for the purpose of financing costs of the Improvements and paying costs incidental thereto, including costs associated with the sale and the security of Special Improvement District bonds drawn on the District (the "Bonds"), the creation and administration of the District, the funding of a deposit to the City's Special Improvement District Revolving Fund (the "Revolving Fund"). The total estimated costs of the Improvements, including such incidental costs, to be financed by the Bonds are \$46,000.00. The Bonds are to be payable primarily from special assessments to be levied against property in the District, which property will be specially benefited by the Improvements.

Section 2. Number of District.

The District, if the same shall be created and established, shall be known and designated as Special Improvement District No. 1365 of the City of Billings, Montana.

Section 3. Boundaries of District.

The limits and boundaries of the District are depicted on a map attached as Exhibit A hereto (which is hereby incorporated herein and made a part hereof) and more particularly described on Exhibit B hereto (which is hereby incorporated herein and made a part hereof), which boundaries are designated and confirmed as the boundaries of the District. A listing of each of the properties in the District is shown on Exhibit F hereto (which is hereby incorporated herein and made a part hereof).

Section 4. Benefited Property.

The District and territory included within the limits and boundaries described in Section 3 and as shown on Exhibits A, B, and F are hereby declared to be the Special Improvement District and the territory which will benefit and be benefited by the Improvements and will be assessed for the costs of the Improvements as described in Section 7.

Section 5. General Character of the Improvements.

The general character of the Improvements include the installation of water, sanitary sewer, curb and gutter, storm drain, street improvements, and other miscellaneous items and appurtenances in and along Lake Heights Drive fronting Lots 1-8, Block 64 and Lots 20-27, Block 63 of Lake Hills Subdivision, Twenty-Fifth Filing as more particularly described in Exhibit E.

Section 6. Engineer and Estimated Cost.

Morrison-Maierle, Inc., 2020 Grand Avenue, Billings, MT 59102, was the engineer for creation of the District. The Engineer has estimated that the cost of the Improvements, including all incidental costs, is \$213,005.73.

Section 7. Assessment Methods.

A. Properties to be Assessed.

All properties within the district are to be assessed for the costs of the Improvements, as specified herein. The costs of the Improvements shall be assessed against the property in the District benefiting from the Improvements based on the equal amount methods described in Section 7-12-4162, M.C.A., as particularly applied and set forth in this Section 7.

1) Equal Amount Method.

Assessment #1 is for water improvements, which includes extension of water main, water pipe, fire hydrants, water services, and other miscellaneous items and appurtenances associated with the water improvements. For the purposes of equitably apportioning special benefit to each lot, tract or parcel of land in the District, the Engineer has determined that each lot, tract, or parcel of land, receiving a benefit from the improvements, shall equally bear the costs of the improvements as set forth in Part III (which is hereby incorporated herein and made a part hereof) to arrive at an equal cost for the improvements. The total estimated cost of Assessment #1 is \$11,130.49, as shown in Exhibit D (which is hereby incorporated herein and made a part hereof), and shall be assessed against each lot, tract, or parcel of land within the District, receiving a benefit from the improvements, on an equal amount basis based on the bid price to be received. The equal amount assessment is estimated to be \$3,710.1645.

Assessment #2 is for sanitary sewer improvements, which includes extension of sanitary sewer main, sanitary sewer pipe, sanitary sewer manholes, sewer services, and other miscellaneous items and appurtenances associated with the sanitary sewer improvements. For the purposes of equitably apportioning special benefit to each lot, tract or parcel of land in the District, the Engineer has determined that each lot, tract, or parcel of land, receiving a benefit from the improvements, shall equally bear the costs of the improvements as set forth in Part III to arrive at an equal cost for the improvements. The total estimated cost of Assessment #2 is \$10,705.24, as shown in Exhibit D, and shall be assessed against each lot, tract, or parcel of land within the District, receiving a benefit from the improvements, on an equal amount basis based on the bid price to be received. The equal amount assessment is estimated to be \$3,568.4140.

Assessment #3 is for street and storm drain improvements, which includes street surfacing, concrete curb and gutter, storm drain inlets, storm drain manholes, storm drain pipe, and other miscellaneous items and appurtenances associated with the street and storm drain improvements. For the purposes of equitably apportioning special benefit to each lot, tract or parcel of land in the District, the Engineer has determined that each lot, tract, or parcel of land, receiving a benefit from the improvements, shall equally bear the costs of the improvements as set forth in Part III to arrive at an equal cost for the improvements. The total estimated cost of Assessment #3 is \$24,164.26, as shown in Exhibit D, and shall be assessed against each lot, tract, or parcel of land within the District, receiving a benefit from the improvements, on an equal amount basis based on the bid price to be received. The equal amount assessment is estimated to be \$8,054.7548.

B. Assessment Methodologies Equitable and Consistent with Benefit.

This Council hereby determines that the methods of assessment and the assessment of costs of the specific improvements against the properties benefited thereby as prescribed in this Section 7 are equitable in proportion to and not exceeding the special benefits derived from the respective improvements by the lots, tracts, and parcels to be assessed therefore within the District.

Section 8. Payment of Assessments.

The special assessments for the costs of the Improvements shall be payable over a term not exceeding 15 years, each in equal semiannual installments of principal, plus interest, or equal semiannual payments of principal and interest, as this Council shall prescribe in the resolution authorizing the issuance of the Bonds. Property Owners have the right to prepay assessments as provided by law. Further, all owners shall have the opportunity to prepay their assessments prior to sale of the SID bonds.

Section 9. Method of Financing; Pledge of Revolving Fund: Findings and Determinations.

The City will issue the Bonds in an aggregate principal amount not to exceed \$46,000.00 in order to finance the costs of the Improvements. Principal of and interest on the Bonds will be paid from special assessments levied against the properties in the District. This Council further finds it is in the public interest and in the best interest of the City and the District, to secure payment of principal of and interest on the Bonds by the Revolving Fund and hereby authorizes the city to enter into the undertakings and agreements authorized in Section 7-12-4225 in respect of the Bonds.

In determining to authorize such undertakings and agreements, this Council has taken into consideration the following factors:

A. Estimated Market Value of Parcels.

The estimated market value of the lots, parcels, or tracts in the District as of the date of adoption of this resolution, as estimated, by the County Assessor for property tax purposes ranges from \$1,618.00 to \$59,047.00, and is set forth in Exhibit F. The average market value is \$5,448.73 with the median being \$1,618.00. The special assessments to be levied under Section 7 against each lot, parcel, or tract in the District is less than the increase in estimated value of the lot, parcel, or tract as a result of the construction of the Improvements.

B. Diversity of Property Ownership.

There are a total of 16 parcels within the district boundaries. No improvements, public or private, are located on any of the parcels within the District. Thirteen (13) of these parcels are owned by Laure Taylor, Inc. and Susan B. Lovely.

C. Comparison of Special Assessments and Property Taxes and Market Value.

Based on an analysis of the aggregate amount of the proposed, any outstanding special assessments (whether or not delinquent), and any delinquent property taxes (as well as any known industrial development bonds theretofore issued and secured by a mortgage against a parcel in the District) against each lot, parcel, or tract in the District in comparison to the estimated market value of such lot, parcel, or tract after the Improvements, the City concludes that, overall, the estimated market value of the lots, tracts, or parcels of land in the District exceeds the sum of special assessments, delinquent property taxes, and current assessments and is set forth in Exhibit F.

D. Delinquencies.

An analysis of the amount of delinquencies in the payment of outstanding special assessments or property taxes levied against the properties in the District shows that of 16 properties, no properties were delinquent and is set forth in Exhibit F.

E. The Public Benefit of the Improvements.

The improvements contemplated under this SID are outlined in Section 5 and Exhibit E. The intention of this SID is to construct Lake Heights Drive to a local residential street standard. The total estimated cost of installing these public improvements is \$213,005.73 of which Laure Taylor, Inc. and Susan B. Lovely will be contributing \$167,005.73. The public improvements contemplated under the terms of this proposed District are required by the City Subdivision, Site Development, Zoning Ordinances, and existing Subdivision Improvement Agreements in order for the parcels to develop.

Section 10. Reimbursement Expenditures.

A. Regulations.

The United States Department of Treasury has promulgated final regulations governing the use of proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the City for project expenditures paid by the City prior to the date of issuance of such bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the "Regulations") require that the City adopt a statement of official intent to reimburse an original expenditure not later than 60 days after payment of the original expenditure. The Regulations also generally require that the bonds be issued and the reimbursement allocation made from the proceeds of the bonds within 18 months (or three years, if the reimbursement bond issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) after the later of (i) the date the expenditure is paid or (ii) the date the project is placed in service or abandoned, but (unless the issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) in no event more than three years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the bonds.

B. Prior Expenditures.

Other than (i) expenditures to be paid or reimbursed from sources other than the Bonds, (ii) expenditures permitted to be reimbursed under the transitional provision contained in Section 1.150-2(j)(2) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-

2(f)(2) of the Regulations, or (iv) expenditures in a "de minimus" amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures for the Improvements have been paid by the City before the date 60 days before the date of adoption of this resolution.

C. Declaration of Intent.

The City reasonably expects to reimburse the expenditures made for costs of the Improvements out of the proceeds of Bonds in an estimated maximum aggregate principal amount of \$46,000.00 after the date of payment of all or a portion of the costs of the Improvements. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the Bonds or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations.

D. Budgetary Matters.

As of the date hereof, there are no City funds reserved, allocated on a long-term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures related to the Improvements, other than pursuant to the issuance of the Bonds. The statement of intent contained in this resolution, therefore, is determined to be consistent with the City's budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof.

E. Reimbursement Allocations.

The City's financial officer shall be responsible for making the "reimbursement allocations" described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the Bonds to reimburse the source of temporary financing used by the City to make prior payment of the costs of the Improvements. Each allocation shall be evidence by an entry on the official books and records of the City maintained for the Bonds or the Improvements and shall specifically identify the actual original expenditure being reimbursed.

Section 11. Public Hearing Protests.

At any time within fifteen (15) days from and after the date of the first publication of the notice of the passage and approval of this resolution, any owner of real property within the District subject to assessment and taxation for the cost and expense of making the Improvements may make and file with the City Clerk until 5:00 p.m., M.T., on the expiration date of said 15-day period (April 9, 2004), written protest against the proposed Improvements, or against the extension or creation of the District or both, and this Council will at its next regular meeting after the expiration of the fifteen (15) days in which such protests in writing can be made and filed, proceed to hear all such protests so made and filed; which said, regular meeting will be held on Monday the 12th day of April 2004, at 6:30 p.m., in the Council Chambers, at 220 North 27th Street, in Billings, Montana.

Section 12. Notice of Passage of Resolution of Intention.

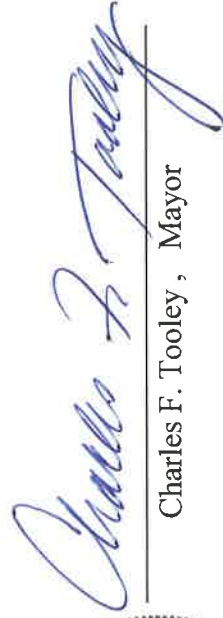
The City Clerk is hereby authorized and directed to publish or cause to be published a copy of a notice of the passage of this resolution in the Billings Times, a newspaper of general circulation in the county on March 25 and April 1, 2004, in the form and manner prescribed by law, and to mail or cause to be mailed a copy of said notice to every person, firm, corporation, or the agent of such person, firm, or corporation having real property within the District listed in his or her name upon the last completed assessment roll for state, county, and school district taxes, at his last-known address, on or before the same day such notice is first published.

PASSED AND ADOPTED by the City Council of the City of Billings, Montana, this 22nd day of March, 2004.

Attest:


Marita Herold, CMC/AAE City Clerk




Charles F. Tooley, Mayor

LAKE HILLS SUBDIVISION - TWENTY-FIFTH FILING
LOCATED IN THE W1/2SE1/4 SECTION 9 - T.1N.-R.26E.,M.P.M.
YELLOWSTONE COUNTY, MONTANA.

EXHIBIT "A"

ASSESSMENT AREA BOUNDARY

