

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 a Resolution entitled: "RESOLUTION AUTHORIZING A PROJECT UNDER MONTANA CODE ANNOTATED, TITLE 90, CHAPTER 5, PART 1, AS AMENDED, AND THE ISSUANCE AND SALE OF A \$2,610,868 HIGHER EDUCATION REVENUE NOTE (ROCKY MOUNTAIN COLLEGE ENERGY PERFORMANCE PROJECT), SERIES 2011, TO FINANCE THE SAME; APPROVING THE FORM OF DOCUMENTATION IN CONNECTION THEREWITH; AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE NOTE AND DOCUMENTATION (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City at a meeting on March 28, 2011, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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 Council Members voted in favor thereof: Ronquillo, Gaghen, Pitman,  
Cimmino, McFadden, Ruegamer, McCall, Ulledalen, Astle, Clark ; voted  
against the same: \_\_\_\_\_ ; abstained  
from voting thereon: \_\_\_\_\_ ; or were absent: \_\_\_\_\_  
\_\_\_\_\_.

WITNESS my hand officially this 28<sup>th</sup> day of March, 2011.

Cari Martin  
Cari Martin, City Clerk

(SEAL)



RESOLUTION NO. 11-19047

RESOLUTION AUTHORIZING A PROJECT UNDER MONTANA CODE ANNOTATED, TITLE 90, CHAPTER 5, PART 1, AS AMENDED, AND THE ISSUANCE AND SALE OF A \$2,610,868 HIGHER EDUCATION REVENUE NOTE (ROCKY MOUNTAIN COLLEGE ENERGY PERFORMANCE PROJECT), SERIES 2011, TO FINANCE THE SAME; APPROVING THE FORM OF DOCUMENTATION IN CONNECTION THEREWITH; AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE NOTE AND DOCUMENTATION

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

Section 1. Authorization and Recitals.

1.01. General Authority. Pursuant to Montana Code Annotated, Title 90, Chapter 5, Part 1, as amended (the "Act"), the City is authorized to enter into agreements upon terms the Council considers appropriate, advantageous and not in conflict with the provisions of the Act to issue revenue bonds or notes of the City and sell such bonds or notes at public or private sale in such manner and at such times as may be determined by the Council to be most advantageous; and to loan the proceeds of its revenue bonds or notes for the purpose of defraying the cost of acquiring or improving real and personal properties required or useful for the operation of an institution of higher education. Such revenue bonds or notes may be secured by a pledge of the revenues to be derived by the City from a loan agreement, by a mortgage on the project and by such other security devices as the Council may deem advantageous. Under the provisions of the Act, any bonds or notes so issued by the City shall be special, limited obligations of the City and shall not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

1.02. Proposed Project and Note. Rocky Mountain College, a Montana nonprofit corporation (the "Borrower") which is an institution of higher education within the State of Montana, has proposed that the City, pursuant to the Act, issue its Higher Education Revenue Note (Rocky Mountain College Energy Performance Project), Series 2011, in the maximum principal amount of \$2,610,868 (the "Note"), the proceeds of which will be loaned by the City to the Borrower to finance all or a portion of the costs of acquisition, construction and installation of energy efficiency improvements to various buildings and facilities located on the Rocky Mountain College campus (the "Project"), and to pay certain costs associated with the sale of the Note and any other eligible costs. The campus of Rocky Mountain College is located at 1511 Poly Drive in Billings, Montana. PNC Equipment Finance, LLC of Columbus, Ohio (the "Lender"), has agreed to purchase the Note subject to the terms and conditions set forth in a commitment letter dated as of February 1, 2011 (the "Commitment Letter"). Pursuant to the proposal, the proceeds of the Note would be loaned to the Borrower pursuant to a Loan Agreement between the City and the Borrower (the "Loan Agreement"); the Borrower would agree to apply the proceeds to the payment of costs of the Project and to repay the loan at such times and in such amounts to provide for the prompt payment of the principal of, premium, if any, and interest on the Note; the Borrower would be obligated to pay all costs of acquiring,

constructing and installing the Project in excess of the proceeds of the Note available therefor; pursuant to an Escrow Agreement between the City, the Borrower the Lender (the "Escrow Agreement"), the Lender will disburse the proceeds of the Note to or on behalf of the Borrower; pursuant to an Assignment of Loan Agreement (the "Assignment"), the City will assign certain of its interests in the Loan Agreement to the Lender.

The Note is a special, limited obligation of the City payable solely from the payments to be made by the Borrower under the Loan Agreement pledged to the Lender and will not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taking powers.

1.03. Offer to Purchase. The City and the Borrower have received an offer from the Lender to purchase the Note at par, no interest to accrue thereon to the date of delivery thereof. The Borrower has recommended to this Council that the offer be accepted.

1.04. Prior Approval and Public Hearing. This Council called a hearing on the Project and the issuance of \$2,620,000 maximum principal amount Higher Education Revenue Note (Rocky Mountain College Energy Performance Project), Series 2011, as required by the Act. The hearing was duly noticed and held March 28, 2011, at which time all interested persons were given an opportunity to appear and be heard.

1.05. Documentation. Draft forms of the following documents relating to the Project and the Note have been prepared and submitted to this Council, and are hereby directed to be filed with the City Clerk:

- (a) the form of the Note;
- (b) the Loan Agreement;
- (c) the Assignment;
- (d) the Escrow Agreement; and
- (e) the Employment Preference and Prevailing Wage Agreement to be entered into between the Borrower and the City (the "Employment Agreement"), implementing the requirements of Section 90-5-114 of the Act.

The form of the Note is attached to this Resolution as Exhibit A and hereby incorporated herein and made a part hereof.

## Section 2. Findings.

It is hereby found, determined and declared that:

- (a) The Project will improve a higher education facility eligible for financing under the Act.

(b) In authorizing the Project and the issuance of the Note, the City's purpose is, and the Council believes the effect thereof will be, to promote the general welfare of the City and its residents by encouraging and fostering the location of institutions of higher education and their continued viability within the City by making the Project more financially feasible because of tax-exempt financing, to encourage energy efficiencies at such institutions, to aid in economic development and to further the purposes and policies of the Act.

(c) The financing of the Project, the issuance and sale of the Note, the execution and delivery of the Loan Agreement, the Escrow Agreement, the Assignment and the Employment Agreement and all other acts and things required under the Constitution and laws of the State of Montana to make the Loan Agreement, the Escrow Agreement, the Assignment, the Employment Agreement and the Note valid and binding special, limited obligations of the City in accordance with their terms, are authorized by the Act.

(d) The undertaking of the Project and the issuance of the Note to finance all or a portion of the costs thereof are in the public interest.

(e) It is desirable that the Borrower be authorized, subject to the terms and conditions set forth in the Loan Agreement, which terms and conditions the City determines to be necessary, desirable and proper, to provide for the acquisition, construction and installation of the Project by such means as shall be available to the Borrower and in the manner determined by the Borrower, and with or without advertisement for bids as required for the construction and acquisition of municipal facilities.

(f) It is desirable that the Note be issued by the City upon the terms set forth in this Resolution, that the proceeds of the Note be loaned to the Borrower pursuant to the terms of the Loan Agreement, and that the City's interest in all loan repayments thereunder be assigned and pledged to the Lender as security for the payment of principal of, premium, if any, interest on and other amounts payable under the Note by the City.

(g) The loan repayments and other amounts to be paid by the Borrower under the Loan Agreement are sufficient (1) to pay the total principal of, premium, if any, and interest on the Note as it matures and (2) to pay all other costs and expenses of the City in connection with the Project and the issuance of the Note; and the Loan Agreement also provides that the Borrower is required to pay or cause to be paid all expenses of the operation and maintenance of the Project including, but without limitation, adequate insurance thereon and all assessments levied upon or with respect to the Project site and payable during the term of the Loan Agreement.

(h) Under the provisions of Montana Code Annotated Section 90-5-103 and as provided in the Loan Agreement and stated on the face of the Note, the Note is a special, limited obligation of the City payable solely from loan repayments to be made by the Borrower (except to the extent payable from proceeds of the Note) and does not

constitute a pecuniary liability of the City or a charge against its general credit or taxing powers.

Section 3. Authorization and Approval of the Project and Documents. The City is hereby authorized to issue the Note to finance all or a portion of the costs of the Project, to loan the proceeds of the Note to the Borrower and to assign and pledge the Loan Agreement, including the loan repayments thereunder, to the Lender all as provided in the Loan Agreement and the Assignment. The Project and the issuance of the Note to finance all or a portion of the cost thereof are hereby approved. The forms of the Note, Loan Agreement, Escrow Agreement, Assignment and Employment Agreement referred to in Section 1.05 are approved, subject to such modifications as are deemed appropriate and approved by the Mayor, Financial Services Manager and City Clerk, which approval shall be conclusively evidenced by execution of the Note, Loan Agreement, Escrow Agreement, Assignment and Employment Agreement by the Mayor and Financial Services Manager, with the City Clerk's attestation. The Note, Loan Agreement, Escrow Agreement, Assignment and Employment Agreement are authorized and directed to be executed and delivered in the name and on behalf of the City by the Mayor and Financial Services Manager, with the City Clerk's attestation. Copies of all of the documents shall be delivered, filed and recorded as provided therein.

Section 4. The Note: Terms, Sale and Execution.

4.01. Issuance. In anticipation of the collection of revenues of the Borrower, the City shall proceed forthwith to issue its Higher Education Revenue Note (Rocky Mountain College Energy Performance Project), Series 2011, in the maximum principal amount of \$2,610,868, in substantially the form attached as Exhibit A, and upon the terms set forth in said form and this Resolution.

4.02. Terms. The Note shall be in the maximum principal amount of \$2,610,868, shall bear interest as set forth in the Note and shall be dated as of its date of delivery to the Lender.

4.03. Prepayment. The principal of the Note shall be subject to prepayment at times and upon the terms and conditions set forth in the Note.

4.04. Registration of Transfer. The City will keep at the office of the Financial Services Manager a Note Register in which, subject to such reasonable regulations as it may prescribe, the City shall provide for the registration of transfers of ownership of the Note, as more fully prescribed in the Note. The Financial Services Manager is hereby appointed Note Registrar for this purpose.

4.05. Sale. The proposal of the Lender to purchase the Note at par is hereby found and determined to be reasonable and is hereby accepted. The Mayor, Financial Services Manager and City Clerk are hereby authorized and directed to prepare and execute the Note as prescribed herein and in the Note and to deliver it to the Lender, together with a certified copy of this Resolution, and such other certificates, documents and instruments as may be appropriate to effect the transaction herein contemplated.

Adopted this 28th day of March, 2011.

CITY OF BILLINGS, MONTANA



*Thomas W. Hanel*  
Thomas W. Hanel, Mayor

Attest: *Cari Martin*  
Cari Martin, City Clerk

EXHIBIT A

FORM OF NOTE

UNITED STATES OF AMERICA  
STATE OF MONTANA  
COUNTY OF YELLOWSTONE

**CITY OF BILLINGS**

Higher Education Revenue Note  
(Rocky Mountain College Energy Performance Project), Series 2011

No. R-1

<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
5.193%	\$2,610,868	November 26, 2027	March 31, 2011

**AS SET FORTH MORE PARTICULARLY BELOW, THIS NOTE IS NOT A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE CITY AND IT DOES NOT CONSTITUTE OR GIVE RISE TO PECUNIARY LIABILITY OF THE CITY.**

The CITY OF BILLINGS, YELLOWSTONE COUNTY, MONTANA, a municipal corporation organized and existing under the Constitution and the laws of the State of Montana and its home rule charter (the "City"), for value received, hereby promises to pay to PNC EQUIPMENT FINANCE, LLC, a Delaware limited liability company (the "Holder"), or registered assigns, at its office in Columbus, Ohio, or such other place as the Holder may designate in writing, solely from the source and in the manner hereinafter provided, the principal sum of Two Million Six Hundred Ten Thousand Eight Hundred Sixty Eight Dollars (\$2,610,868) in accordance with the terms and provisions of this Note. Such principal, premium and interest shall be payable in any coin or currency which at the time of payment is legal tender for the payment of public and private debts in the United States of America.

Principal and interest on this Note are payable on February 26, May 26, August 26 and November 26 of each year (each, a "Payment Date") commencing February 26, 2012 until and including the Final Maturity Date, unless earlier repaid, in the amounts set forth in Schedule 1 hereto, such schedule being incorporated herein by reference as if set forth herein. The entire outstanding principal balance and interest, if not sooner paid, shall be paid in full on the Maturity Date set forth above.

In the event that the interest on this Note shall become includable in gross income for purposes of federal income taxation pursuant to a Determination of Taxability, the interest rate specified above shall be increased, retroactively effective from and after the Date of Taxability to an annual interest rate equal to the Taxable Rate. The City shall, solely from payments required to be made by the Borrower, (a) immediately upon demand pay to the Holder and to each prior Holder since the Date of Taxability an amount equal to the amount by which the interest accrued retroactively at the Taxable Rate from the Date of Taxability to the date of payment exceeds the amount of interest actually accrued hereunder at the interest rate specified above and paid to the Holder and any such prior Holder during said period, and (b)

thereafter pay to the Holder payments of principal and interest on subsequent Payment Dates in amounts computed at the Taxable Rate. Such obligation shall survive the payment in full of the principal amount of this Note. After a Determination of Taxability, Schedule 1 attached hereto shall be adjusted to reflect interest payments at the Taxable Rate.

If any installment of principal or interest on this Note is not paid by the close of business on the 15th calendar day after the date such installment was due, the Borrower shall pay to the Holder a late charge equal to 5% of the overdue payment. A late charge shall be payable only once on each late payment. Borrower and Holder agree that the late charge is intended to reimburse Holder for the additional expense included in processing delinquent payments and not as a penalty. The imposition or collection of a late charge is in addition to and not in lieu of any other rights or remedies Holder may have as a result of late payment.

All payments of principal and interest shall be applied first to interest due on the outstanding principal amount hereof and thereafter in reduction of the principal amount hereof. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months. If any Payment Date is not a Business Day, such payment shall be payable on the next succeeding Business Day.

This Note is subject to prepayment, in whole, at the option of the Borrower, on any Payment Date, upon at least 30 days prior written notice to the Holder (or such shorter period of time as may be agreed upon by Holder), at a prepayment price equal to 102% of the principal amount to be prepaid plus accrued and unpaid interest hereon to the date of prepayment; provided that no prepayment penalty shall be due and owing upon any prepayment pursuant to Article II of the Escrow Agreement. Any partial prepayment shall be applied in inverse order of principal installments payable hereunder, and no partial prepayment shall postpone, defer or otherwise reduce the amount of the quarterly installments due hereunder.

Capitalized terms used herein but not otherwise defined shall have the meanings assigned to them in the Loan Agreement. As used herein, the following terms have the following meanings:

“Borrower” means Rocky Mountain College, a Montana nonprofit corporation, or any qualified successor or assign under the Loan Agreement.

“Business Day” means any day other than a Saturday or Sunday or other day on which commercial banks in the city in which the principal office of the Lender is located are not open for business.

“Date of Taxability” shall have the meaning ascribed to it in the Loan Agreement.

“Determination of Taxability” shall have the meaning ascribed to it in the Loan Agreement.

“Escrow Agreement” means the Escrow Agreement of even date herewith, between the Borrower, the City, the Lender and U.S. Bank National Association, as escrow agent, as the same may be amended or supplemented from time to time in accordance with the terms thereof.

“Loan Agreement” means the Loan Agreement, of even date herewith, between the City and the Borrower, as the same may be amended or supplemented from time to time in accordance with the terms thereof.

“Note” means this Higher Education Revenue Note (Rocky Mountain College Energy Performance Project), Series 2011, in the maximum aggregate principal amount of \$2,610,868.



“Payment Date” means a date on which a payment of principal or interest or both is due under this Note.

“Taxable Rate” means an annual rate of interest equal to 8.0%.

This Note constitutes an issue in the maximum authorized face amount of \$2,610,868. This Note is issued by the City pursuant to the authority granted by Montana Code Annotated, Title 90, Chapter 5, Part 1, as amended (the “Act”), for the purpose of financing all or a portion of the costs of acquisition, construction and installation of energy efficiency improvements to various buildings and facilities located on the Rocky Mountain College campus (the “Project”), located at 1511 Poly Drive in Billings, Montana, and to pay certain costs associated with the sale of the Note and any other eligible costs, such funds to be loaned by the City to the Borrower pursuant to the Loan Agreement and advanced pursuant to the Escrow Agreement, thereby assisting activities in the public interest and for the public welfare of the City and the State of Montana. All of the agreements, conditions, covenants, provisions, and stipulations contained in the Loan Agreement, Escrow Agreement, Assignment and resolutions of the City relating to this Note and the Project are hereby made a part hereof to the same extent and with the same force as if they were set forth fully herein.

This Note shall be registered and shall be transferable upon the books of the City at the office of the Financial Services Manager, City of Billings, Montana, by the Holder hereof in person or by its attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Finance Services Manager, duly executed by the Holder or its duly authorized attorney. Upon such transfer, the Finance Services Manager will note the date of registration and the name and address of the new Holder upon the books of the City and in the registration blank appearing below. Alternatively, the City will, at the request and expense of the Holder, issue a new Note in an aggregate principal amount equal to the unpaid principal balance of this Note, and of like tenor except as to the principal amount and the number and amount of the installments payable thereunder, and registered in the name of the Holder or such transferee as may be designated by the Holder. The City may deem and treat the person in whose name this Note is last registered upon the books of the City with such registration also noted on this Note, as the absolute owner hereof, whether or not this Note is overdue, for the purpose of receiving payment of or on account of the principal, premium, if any, interest or late fees and for all other purposes, and all such payments so made to the Holder or upon its order shall be valid and effectual to satisfy and discharge the liability upon this Note to the extent of the sum or sums so paid, and the City shall not be affected by any notice to the contrary.

Time is of the essence under this Note. Failure to make any payment under this Note within 15 days after the date on which such payment is due shall constitute an event of default under this Note (an “Event of Default”). An Event of Default shall also include any event of default under the Loan Agreement or the Escrow Agreement or any other event that entitles the Holder to accelerate payment under the Loan Agreement. Upon the occurrence of an Event of Default, the Holder may at its right and option (subject, however, to such notice as may be required under the Loan Agreement) enforce any right conferred upon Holder under this Note or the Loan Agreement and pursue any other right or remedy allowed by law or equity. Without limitation of the foregoing, upon the occurrence of an Event of Default, the Holder may at its right and option (subject, however, to such notice as may be required under the Loan Agreement) declare immediately due and payable the principal balance of this Note and interest accrued hereon, together with any reasonable attorneys’ fees incurred by the Holder in collecting or enforcing payment hereof, whether suit be brought or not, and all other sums due hereunder or under the Loan Agreement, anything to the contrary herein or therein notwithstanding, and payment hereunder or thereunder may be enforced and recovered in whole or in part, at any time, by one or more of the remedies provided in this Note or the Loan Agreement.

**THIS NOTE IS NOT A GENERAL OBLIGATION OF THE CITY, BUT RATHER A SPECIAL, LIMITED OBLIGATION OF THE CITY AND SHALL NOT BE PAYABLE FROM NOR CHARGED UPON ANY FUNDS OF THE CITY OTHER THAN PAYMENTS TO BE MADE BY THE BORROWER UNDER THE LOAN AGREEMENT PLEDGED TO THE PAYMENT HEREOF, NOR SHALL THE CITY BE SUBJECT TO ANY LIABILITY HEREON. NO HOLDER OF THIS NOTE SHALL EVER HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY TO PAY THIS NOTE OR THE INTEREST OR ANY LATE CHARGES HEREON, NOR TO ENFORCE PAYMENT HEREOF AGAINST ANY PROPERTY OF THE CITY EXCEPT PAYMENTS TO BE MADE BY THE BORROWER UNDER THE LOAN AGREEMENT PLEDGED TO THE PAYMENT HEREOF. THIS NOTE SHALL NOT CONSTITUTE A CHARGE, LIEN, OR ENCUMBRANCE, LEGAL OR EQUITABLE, AGAINST THE GENERAL CREDIT OF THE CITY OR UPON ANY PROPERTY OF THE CITY, EXCEPT THE PAYMENTS TO BE MADE BY THE BORROWER UNDER THE LOAN AGREEMENT PLEDGED TO THE PAYMENT HEREOF. THIS NOTE, INCLUDING INTEREST, PREMIUM, IF ANY, AND LATE CHARGES, IF ANY, HEREON IS PAYABLE SOLELY FROM THE PAYMENTS TO BE MADE BY THE BORROWER UNDER THE LOAN AGREEMENT PLEDGED TO THE PAYMENT HEREOF. THIS NOTE SHALL NOT CONSTITUTE A DEBT OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION. NEITHER THE STATE OF MONTANA OR ANY OTHER POLITICAL SUBDIVISION SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, INTEREST OR LATE CHARGES ON THIS NOTE OR FOR THE PERFORMANCE OF ANY AGREEMENT OF ANY KIND WHATSOEVER THAT MAY BE UNDERTAKEN BY THE CITY. NEITHER THIS NOTE NOR ANY OF THE AGREEMENTS OR OBLIGATIONS OF THE CITY CONTAINED HEREIN OR IN THE LOAN AGREEMENT, THE ESCROW AGREEMENT OR ASSIGNMENT SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS WHATSOEVER, NOR TO CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OR BE A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY. NO FAILURE OF THE CITY OR ANY PARTY TO COMPLY WITH ANY TERM, CONDITION, COVENANT OR AGREEMENT IN THIS NOTE, THE LOAN AGREEMENT, THE ESCROW AGREEMENT OR THE ASSIGNMENT SHALL SUBJECT THE CITY TO LIABILITY FOR ANY CLAIM FOR DAMAGES, COSTS OR OTHER FINANCIAL OR PECUNIARY CHARGE, AND NO EXECUTION ON ANY CLAIM, DEMAND, CAUSE OF ACTION OR JUDGMENT SHALL BE LEVIED UPON OR COLLECTED FROM THE GENERAL CREDIT, GENERAL FUNDS OR TAXING POWERS OF THE CITY.**

The Holder shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event.

It is intended that this Note is made with reference to and shall be construed as a Montana contract and governed by the laws of the State of Montana, without giving effect to the conflicts-of-law principles thereof.

This Note may not be amended, modified or changed nor shall any waiver of any provision hereof be effective, except only by an instrument in writing and signed by the party against whom enforcement of any waiver, amendment, change, modification or discharge is sought. No material modification of the terms and conditions of this Note shall be effective without the written consent of the City.

If any term of this Note, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

The City hereby designates, and acknowledges and approves of the Borrower's designation of, the Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(G)(ii) of the Internal Revenue Code of 1986, as amended (the "Code"). The limitation set forth in Section 265(b)(3)(G)(i) of the Code is attributed to the Borrower.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened and have been performed in regular and due time, form and manner as required by law.

IN WITNESS WHEREOF, the City has caused this Note to be duly executed by its duly authorized officers and its official seal affixed all as of this 31st day of March, 2011.

CITY OF BILLINGS, MONTANA

By \_\_\_\_\_  
Mayor

By \_\_\_\_\_  
Financial Services Manager

Attest: \_\_\_\_\_  
City Clerk

(SEAL)

**REGISTRATION AND TRANSFER**

This Note shall be fully registered as to both principal and interest. No transfer of this Note shall be valid unless and until (1) the registered holder of this Note, or his duly authorized attorney or legal representative, executes the form of assignment appearing on this Note, and (2) the Financial Services Manager, as Registrar, has duly noted the transfer on this Note and recorded the transfer on the Registrar's registration books. The City shall be entitled to deem and treat the person in whose name this Note is registered as absolute owner thereof for all purposes, notwithstanding any notice to the contrary. Payments on account of this Note shall be made only to the order of the registered holder thereof, and all such payments shall be valid and effectual to satisfy and discharge liability upon this Note to the extent of the sum or sums so paid.

**REGISTER**

The ownership of the unpaid principal balance of this Note and the interest accruing thereon is registered on the books of the City of Billings, Montana in the name of the registered holder appearing on the first page hereof or as last noted below:

<u>Date of Registration</u>	<u>Name and Address of Registered Holder</u>	<u>Signature of Financial Services Manager</u>
March 31, 2011	PNC Equipment Finance, LLC 155 East Broad Street B4-B230-05-7 Columbus, Ohio 43215	_____

**THE FOLLOWING ENTRIES ARE TO BE MADE ONLY BY THE  
REGISTRAR UPON REGISTRATION OF EACH TRANSFER**

The Financial Services Manager of the City, acting as Registrar, has transferred, on the books of the City, on the date last noted below, ownership of the principal amount of and the accrued interest on this Note to the new registered holder noted next to such date, except for amounts of principal and interest theretofore paid.

<u>Date of Transfer</u>	<u>Name of New Registered Holder</u>	<u>Signature of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

FORM OF ASSIGNMENT

For value received, this Note is hereby transferred and assigned by the undersigned holder, without recourse, to \_\_\_\_\_ on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

By: \_\_\_\_\_  
(Authorized Signature)

For: \_\_\_\_\_  
(Holder)

### SCHEDULE 1

Payment Number	Payment Date	Payment Amount	Interest Amount	Principal Amount	Purchase Option Price *
1	2/26/2012	73,810.00	124,937.32	51,127.32-	2,715,235.23
2	5/26/2012	73,810.00	34,559.88	39,250.12	2,675,200.10
3	8/26/2012	73,810.00	34,050.31	39,759.69	2,634,645.22
4	11/26/2012	73,810.00	33,534.12	40,275.88	2,593,563.82
5	2/26/2013	46,405.00	33,011.23	13,393.77	2,579,902.18
6	5/26/2013	46,405.00	32,837.35	13,567.65	2,566,063.17
7	8/26/2013	46,405.00	32,661.20	13,743.80	2,552,044.50
8	11/26/2013	46,405.00	32,482.77	13,922.23	2,537,843.82
9	2/26/2014	48,260.00	32,302.02	15,957.98	2,521,566.68
10	5/26/2014	48,260.00	32,094.84	16,165.16	2,505,078.22
11	8/26/2014	48,260.00	31,884.98	16,375.02	2,488,375.70
12	11/26/2014	48,260.00	31,672.39	16,587.61	2,471,456.34
13	2/26/2015	50,194.00	31,457.03	18,736.97	2,452,344.63
14	5/26/2015	50,194.00	31,213.78	18,980.22	2,432,984.80
15	8/26/2015	50,194.00	30,967.36	19,226.64	2,413,373.63
16	11/26/2015	50,194.00	30,717.75	19,476.25	2,393,507.86
17	2/26/2016	52,199.00	30,464.89	21,734.11	2,371,339.06
18	5/26/2016	52,199.00	30,182.73	22,016.27	2,348,882.47
19	8/26/2016	52,199.00	29,896.90	22,302.10	2,326,134.33
20	11/26/2016	52,199.00	29,607.35	22,591.65	2,303,090.84
21	2/26/2017	56,419.00	29,314.05	27,104.95	2,275,443.80
22	5/26/2017	56,419.00	28,962.16	27,456.84	2,247,437.82
23	8/26/2017	56,419.00	28,605.69	27,813.31	2,219,068.24
24	11/26/2017	56,419.00	28,244.60	28,174.40	2,190,330.35
25	2/26/2018	58,675.00	27,878.82	30,796.18	2,158,918.25
26	5/26/2018	58,675.00	27,479.01	31,195.99	2,127,098.34
27	8/26/2018	58,675.00	27,074.00	31,601.00	2,094,865.32
28	11/26/2018	58,675.00	26,663.73	32,011.27	2,062,213.83
29	2/26/2019	61,000.00	26,248.14	34,751.86	2,026,766.93
30	5/26/2019	61,000.00	25,796.97	35,203.03	1,990,859.84
31	8/26/2019	61,000.00	25,339.94	35,660.06	1,954,486.58
32	11/26/2019	61,000.00	24,876.97	36,123.03	1,917,641.09
33	2/26/2020	63,460.00	24,408.00	39,052.00	1,877,808.05
34	5/26/2020	63,460.00	23,901.00	39,559.00	1,837,457.87
35	8/26/2020	63,460.00	23,387.41	40,072.59	1,796,583.82
36	11/26/2020	63,460.00	22,867.16	40,592.84	1,755,179.13
37	2/26/2021	66,000.00	22,340.16	43,659.84	1,710,646.09
38	5/26/2021	66,000.00	21,773.34	44,226.66	1,665,534.90
39	8/26/2021	66,000.00	21,199.16	44,800.84	1,619,838.04
40	11/26/2021	66,000.00	20,617.52	45,382.48	1,573,547.91
41	2/26/2022	68,639.00	20,028.33	48,610.67	1,523,965.03
42	5/26/2022	68,639.00	19,397.23	49,241.77	1,473,738.42
43	8/26/2022	68,639.00	18,757.94	49,881.06	1,422,859.74
44	11/26/2022	68,639.00	18,110.35	50,528.65	1,371,320.52
45	2/26/2023	71,389.00	17,454.35	53,934.65	1,316,307.17
46	5/26/2023	71,389.00	16,754.14	54,634.86	1,260,579.62

47	8/26/2023	71,389.00	16,044.83	55,344.17	1,204,128.56
48	11/26/2023	71,389.00	15,326.31	56,062.69	1,146,944.62
49	2/26/2024	74,240.00	14,598.47	59,641.53	1,086,110.26
50	5/26/2024	74,240.00	13,824.16	60,415.84	1,024,486.10
51	8/26/2024	74,240.00	13,039.80	61,200.20	962,061.90
52	11/26/2024	74,240.00	12,245.25	61,994.75	898,827.25
53	2/26/2025	77,210.00	11,440.40	65,769.60	831,742.26
54	5/26/2025	77,210.00	10,586.53	66,623.47	763,786.32
55	8/26/2025	77,210.00	9,721.58	67,488.42	694,948.13
56	11/26/2025	77,210.00	8,845.39	68,364.61	625,216.23
57	2/26/2026	80,300.00	7,957.84	72,342.16	551,427.23
58	5/26/2026	80,300.00	7,018.64	73,281.36	476,680.24
59	8/26/2026	80,300.00	6,067.25	74,232.75	400,962.84
60	11/26/2026	80,300.00	5,103.51	75,196.49	324,262.42
61	2/26/2027	82,072.26	4,127.26	77,945.00	244,758.52
62	5/26/2027	82,072.26	3,115.32	78,956.94	164,222.44
63	8/26/2027	82,072.26	2,090.25	79,982.01	82,640.79
64	11/26/2027	82,072.26	1,051.88	81,020.38	0.00
Grand Totals		4,121,089.04	1,510,221.04	2,610,868.00	

Last interest amount increased by 0.02 due to rounding.