

CERTIFICATE AS TO RESOLUTION AND VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Missoula, Montana (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. 6978, entitled: "RESOLUTION MODIFYING THE MISSOULA URBAN RENEWAL PLAN FOR URBAN RENEWAL DISTRICT II (THE URBAN RENEWAL PLAN); APPROVING A PROPOSED PROJECT AS AN URBAN RENEWAL PROJECT AND THE ISSUANCE OF TAX INCREMENT URBAN RENEWAL BONDS PAYABLE FROM URBAN RENEWAL DISTRICT II TO FINANCE A PORTION OF THE COSTS OF THE PROJECT; AND APPROVING THE SECURITY FOR A BROWNFIELD REVOLVING LOAN FUND LOAN" (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 regular meeting on October 3, 2005, 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notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.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: Ballas, Childers, Crowley, Engen, Floyd, Kazmierczak, Kendall, Nicholson, Peissig, Reidy, and Rye; voted against the same: n/a; abstained from voting thereon: n/a; or were absent: Lovegrove.

WITNESS my hand officially this 14th day of October, 2005.

/s/ Martha L. Rehbein
City Clerk

RESOLUTION NUMBER 6978

RESOLUTION MODIFYING THE MISSOULA URBAN RENEWAL PLAN FOR URBAN RENEWAL DISTRICT II (THE URBAN RENEWAL PLAN); APPROVING A PROPOSED PROJECT AS AN URBAN RENEWAL PROJECT AND THE ISSUANCE OF TAX INCREMENT URBAN RENEWAL BONDS PAYABLE FROM URBAN RENEWAL DISTRICT II TO FINANCE A PORTION OF THE COSTS OF THE PROJECT; AND APPROVING THE SECURITY FOR A BROWNFIELD REVOLVING LOAN FUND LOAN

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

Section 1. Recitals; Authorizations; Previous Approvals.

1.01. The Council, pursuant to Ordinance No. 2803 (the "Ordinance") adopted on December 16, 1991, created its Urban Renewal District II (the "District") and adopted an urban renewal plan for the District which Plan has been amended by Resolution No. 6533 and Ordinance No. 3215 adopted on July 22, 2002, (the "Urban Renewal District II Plan" or the "Plan"). The Plan, as adopted, contains a tax increment financing provision all as set forth in the Ordinance in accordance with Montana Code Annotated (MCA), Title 7, Chapter 15, Parts 42 and 43, as amended ("the Act").

1.02. Pursuant to Resolution No. 5210, adopted by the City on September 16, 1991, the Council determined that the Property described on exhibit A hereto and commonly known as the Champion Mill Site Property (the "Mill Site Property") was blighted within the meaning of Title 7, Chapter 15, Parts 42 and 43, MCA.

1.03. Resolution No. 5210 further provided that should the Mill Site Property be annexed into the City, it would be annexed to and included in the urban renewal district that was contemplated by Resolution No. 5210 ("Urban Renewal District II").

1.04. The MRA has determined that the Mill Site Property has experienced continued deterioration due to neglect and vandalism since the Council declared that it was blighted through the adoption of Resolution No. 5210 on December 16, 1991 and that it continues to meet the definition of blight within the meaning of Title 7, Chapter 15, Parts 42 and 43, MCA.

1.05. Upon receipt of a petition signed by all persons with a property right interest in the Mill Site Property and pursuant to Resolution No. 6972, the City has annexed the Mill Site Property to the City and it is now part of Urban Renewal District II.

1.06. The City and The Missoula Redevelopment Agency (the "MRA") have received a copy of the Voluntary Clean up Plan for the Mill Site Property prepared by Maxim Technologies.

1.07. The Millsite Revitalization Project LLC, a Montana limited liability company("MRP"), the potential developer of the Mill Site Property, has estimated the cost of environmental remediation of the Mill Site at \$1,200,000 (the "Remediation Activities").

1.08. MRP has estimated the cost of the demolition and removal work that needs to be undertaken at the Mill Site Property to be \$800,000 (the "Demolition Activities");

1.09. The MRA has determined that the Remediation and Demolition Activities (collectively "the Activities") are eligible activities for tax increment financing under Section 7-15-4288, Montana Code; that the Activities are consistent with the Plan; that the Activities are beneficial to the District and the City; and has recommended that the City Council approve the

Remediation and Demolition Activities as an Urban Renewal Project and authorize the use of tax increment financing to pay or secure the costs of the Activities.

1.10. The MRA has entered into an agreement with the MRP pursuant to which the MRP will undertake to complete the Remediation and Demolition Activities with the assistance to be provided by the City and the MRA and will work with the MRA to prepare and submit to the City for its review and approval redevelopment plans for the Mill Site Property consistent with all City requirements and procedures.

1.11. The Missoula Area Economic Development Corporation (the "MAEDC") has authorized a loan to MRP in the amount of \$1,000,000 from the City's Brownfield's Revolving Loan Program, (the "RLF Loan") conditioned on the City's agreeing to pledge the tax increment derived from the Remediation and Demolition Activities on the Mill Site Property as security for the RLF Loan.

1.12. The MRA has recommended to the City that it authorize the issuance of up to \$1,000,000 of Tax Increment Urban Renewal Bonds (Urban Renewal District II) (the "Bonds"), payable over a term not to exceed 25 years, to be used to pay the costs of the Remediation Activities in excess of the RLF Loan and costs of the Demolition Activities and to establish the necessary reserves and pay for the costs of the sale and issuance of the Bonds. The Bonds would be payable from the tax increment generated from Urban Renewal District II (the "URD II Increment"), and the MRA has represented there is adequate URD II Increment to pay the principal of and interest on the Bonds when due and to cover the operating costs of the MRA associated with URD II.

1.13. It is proposed that the City would enter into an agreement with the MAEDC whereby, as consideration for the MAEDC's making the RLF loan to MRP, the City will agree to pledge to the payment of the RLF Loan the tax increment to be generated by the Remediation and Demolition Activities on the Mill Site Property (the "Mill Site Increment") as determined by the Montana Department of Revenue upon petition by MRP for re-assessment of the value of the land upon completion of the Remediation Activities and the Demolition Activities, and if the City determines to issue additional tax increment bonds payable from the Mill Site Increment, the City will repay the RLF Loan from the proceeds of such bonds. The MAEDC has represented to the City and the MRA that the projected increment to be derived from the Mill Site Property as a result of the Remediation and Demolition Activities will be sufficient to amortize the RLF Loan over a period of 20 years.

1.14. On September 12, 2005, the City Council adopted Resolution No. 6971, a Resolution of Intention to Approve the Environmental Remediation and Demolition Activities at the Champion Mill Site as an Urban Renewal Project for Urban Renewal District II; To Set Forth the Council's Intention to Finance a Portion of the Project through the Issuance of Tax Increment Urban Renewal Bonds Payable from the Urban Renewal District II; To Approve the Security for the Revolving Fund Loan; And Calling a Public Hearing Proposed Project.

1.15. Pursuant to Resolution No. 6971, a public hearing was duly noticed and held on October 3, 2005, at which all persons wishing to speak were given the opportunity to address the Council with respect to the Plan and the Project.

Section 2. Findings. Based on the information and testimony presented at the public hearing, the Council hereby finds, with respect to the Project, as follows:

- a. no persons will be displaced by the Project;
- b. the Project is consistent with the Plan, and both the Plan and Project conform to the Comprehensive Plan or parts thereof of the City and its Growth Plan.

- c. the Plan and the Project will afford maximum opportunity, consistent with the needs of the City as a whole, for the rehabilitation or redevelopment in the District by private enterprise;
- d. a sound and adequate financial program exists for the financing of the Project, which program includes the use of Tax Increment Bonds (URD II Increment) proceeds in an amount not to exceed \$1,000,000; and the RLF Loan of \$1,000,000.
- e. the Council makes no independent findings at this time as to the adequacy of the Mill Site Increment to amortize the RLF Loan and relies on the MAEDC's analysis for purposes of this Resolution.
- f. the Project constitutes an urban renewal project within the meaning of the Act and the Plan.

Section 3. Authorizations. The City will proceed with the issuance of its Tax Increment Urban Renewal Bonds payable from the tax increment revenue generated in Urban Renewal District II, in an amount not to exceed \$1,000,000 (the "Bonds"), to fund a portion of the Project and pay the costs of the Remediation Activities in excess of the RLF Loan and the costs of the Demolition Activities. The Bonds will be issued and sold pursuant to a Resolution to be adopted by this Council. The Mayor and the Director of the MRA are authorized to negotiate an agreement with the MAEDC whereby the City will pledge the Mill Site Increment created by the Remediation Activities and the Demolition Activities to the repayment of the RLF Loan. The City agrees to repay the RLF Loan and to repay URD II for any costs incurred as a result of the RLF Loan from the proceeds of any tax increment bonds issued for the Mill Site property, if any, and payable from Tax Increment revenues generated by the development of the Mill Site Property (the "Mill Site Increment").

PASSED AND APPROVED by the City Council of the City of Missoula, Montana, on October 3, 2005.

/s/ Martha L. Rehbein
Martha L. Rehbein
City Clerk

/s/ Mike Kadas
Mike Kadas
Mayor