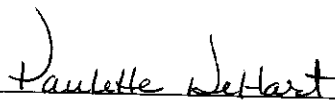


CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of Lewis and Clark County, Montana (the "County"), hereby certify that the attached resolution is a true copy of Resolution No. 2006-39, entitled: "RESOLUTION RELATING TO RURAL SPECIAL IMPROVEMENT DISTRICT NO. 2006-4; DECLARING IT TO BE THE INTENTION OF THE BOARD OF COUNTY COMMISSIONERS TO CREATE DISTRICT NO. 2006-4 FOR THE PURPOSE OF UNDERTAKING CERTAIN LOCAL IMPROVEMENTS AND FINANCING THE COSTS THEREOF AND INCIDENTAL THERETO THROUGH THE ISSUANCE OF RURAL SPECIAL IMPROVEMENT DISTRICT BONDS SECURED BY THE COUNTY'S RURAL SPECIAL IMPROVEMENT DISTRICT REVOLVING FUND AND DISTRICT RESERVE FUND" (the "Resolution"), on file in the original records of the County in my legal custody; that the Resolution was duly adopted by the Board of County Commissioners of the County at a meeting on April 18, 2006, and that the meeting was duly held by the Board of County Commissioners and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Commissioners voted in favor thereof: Mike Murray and Anita Varone; voted against the same: Ed Tinsley; abstained from voting thereon: none; or were absent: none.

WITNESS my hand officially this 18 day of April, 2006.



County Clerk and Recorder



RESOLUTION NO. 2006-39

RESOLUTION RELATING TO RURAL SPECIAL IMPROVEMENT DISTRICT NO. 2006-4; DECLARING IT TO BE THE INTENTION OF THE BOARD OF COUNTY COMMISSIONERS TO CREATE DISTRICT NO. 2006-4 FOR THE PURPOSE OF UNDERTAKING CERTAIN LOCAL IMPROVEMENTS AND FINANCING THE COSTS THEREOF AND INCIDENTAL THERETO THROUGH THE ISSUANCE OF RURAL SPECIAL IMPROVEMENT DISTRICT BONDS SECURED BY THE COUNTY'S RURAL SPECIAL IMPROVEMENT DISTRICT REVOLVING FUND AND DISTRICT RESERVE FUND

BE IT RESOLVED by the Board of County Commissioners (the "Board") of Lewis and Clark County (the "County"), Montana, as follows:

Section 1. Proposed Improvements; Intention To Create District. The County proposes to undertake certain local improvements (the "Improvements") to benefit certain property located in the County. The Improvements consist of road improvements to a portion of McHugh Lane, as more particularly described in Section 5 and depicted on the attached Exhibit A. The total estimated costs of the Improvements and costs incidental thereto are \$585,000. The costs of the Improvements are to be paid from the rural special improvement district bonds hereinafter described in an estimated total principal amount of \$585,000. It is the intention of this Board to create and establish in the County under Montana Code Annotated, Title 7, Chapter 12, Part 21, as amended (the "Act"), a rural special improvement district (the "District") for the purpose of financing all costs of the Improvements and paying costs incidental thereto, including costs associated with the sale and the security of rural special improvement district bonds drawn on the District (the "Bonds"), the creation and administration of the District, the funding of a deposit to the County's Rural Special Improvement District Revolving Fund (the "Revolving Fund") and the establishment of a reserve account securing the Bonds in the District fund (the "Reserve Account"). The total estimated costs of the Improvements, including such incidental costs, to be financed by the Bonds are \$585,000. The Bonds are to be payable primarily from special assessments to be levied against property in the District, which property will be specially benefitted by the Improvements in an amount not less than \$585,000.

Section 2. Number of District. The District, if the same shall be created and established, shall be known and designated as Rural Special Improvement District No. 2006-4 of Lewis and Clark County, 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 C 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 C are hereby declared to be the rural 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, including all incidental costs, as described in Section 1. The property included within said limits and boundaries is hereby declared to be the property benefited by the Improvements.

Section 5. General Character of the Improvements. The general character of the Improvements includes, but is not limited to, excavation, site preparation, asphalt pavement, chip seal, curb and gutter, pavement markings and striping, stormwater facilities, signage, revegetation and other effects necessary for the improvement to and reconstruction of McHugh Lane. Each lot, tract, or parcel abutting the Improvements will be improved with and benefited by the Improvements.

Section 6. Engineer and Estimated Cost. Stahly Engineering & Associates, Inc. shall be the Engineer for the District. The Engineer has estimated that the cost of the Improvements, including all incidental costs, is \$585,000, as shown in Exhibit D.

Section 7. Assessment Methods.

7.1. Property To Be Assessed. All properties within the District are to be assessed for a portion of the costs of the Improvements and incidental costs, as specified herein. The costs of the Improvements and incidental costs shall be assessed against the assessable areas of the property in the District benefiting from the Improvements, based on the assessable area method of assessment described in Section 7-12-2151, M.C.A., as more particularly applied and set forth in this Section 7.

7.2. Area. The total estimated cost of the Improvements and incidental costs is \$585,000 and using the area method of assessment tailored to assessable areas such amount, together with interest thereon, shall be assessed against each lot, tract or parcel of land in the District subject to assessment for that part of the costs of the Improvements, including all incidental costs, that the assessable area of such lot, tract or parcel bears to the total assessable area of all lots, tracts or parcels of land in the District. The assessable area of the lots, tracts, or parcels owned by the Smiths and by Yuhas shall be 100% of the square footage of such lots, tracts, or parcels because the entire roadside boundary of such lots, tracts, or parcels abuts the Improvements, and the assessable area of the lot, tract, or parcel owned by McHugh Land & Livestock shall be 72.90% of the square footage of such lot, tract, or parcel because 72.90% of the roadside boundary of such lot, tract or parcel abuts the Improvements. The total assessable area of the District to be so assessed is 3,625,084 square feet. The costs of the Improvements per square foot of assessable area shall not exceed \$0.16137558.

7.3. Assessment Methodology Equitable and Consistent with Benefit. This Board hereby determines that the method of assessment and the assessment of costs of the specific Improvements against the properties benefited thereby as prescribed in this Section 7 are equitable and in proportion to and not exceeding the special benefits derived from the Improvements by the lots, tracts and parcels to be assessed therefor within the District.

Section 8. Payment of Assessments for Repayment of Bonds. The special assessments for the costs of the Improvements and costs incidental thereto shall be payable over a term not exceeding fifteen years, each in equal semiannual installments of principal, plus interest as allowed by law, or equal semiannual payments of principal and interest as allowed by law, as this Board shall prescribe in the resolution authorizing the issuance of the Bonds. Property owners have the right to prepay assessments as provided by law. The estimated total principal amounts of special assessments against properties in the District are shown on the attached Exhibit C. *Such amounts are estimates only and are exclusive of interest.* In the event the District is created and the Bonds are issued, the special assessments levied against properties in the District will be stated as semiannual installments of principal with interest thereon over a term of up to fifteen years.

Section 9. Method of Financing; Pledge of Revolving Fund; Findings and Determinations. The County will issue the Bonds in an aggregate principal amount not to exceed \$585,000 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 property in the District and such payment will be secured, in part, by the Reserve Account. This Board further finds it is in the public interest, and in the best interest of the County and the District, to secure payment of principal of and interest on the Bonds by the Revolving Fund and hereby authorizes the County to enter into the undertakings and agreements authorized in Section 7-12-2185 in respect of the Bonds.

In determining to authorize such undertakings and agreements, this Board 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 April 10, 2006 for assessing property taxes, as estimated by the Montana Department of Revenue (the "DOR") (the appraiser for property tax purposes), is set forth in Exhibit C hereto. The proposed District is in and surrounded by an area that is rapidly growing and has considerable residential and commercial appeal. The Board has considered the estimated market value for tax purposes of the lots, parcels, and tracts set forth on the attached Exhibit C and has determined that it is below the actual value of such lots, parcels, and tracts, as stated on the attached Exhibit C. The special assessments to be levied against each lot, parcel or tract in the District, as calculated under Section 7, are less than the increase in estimated market value of the lot, parcel or tract as a result of the construction of the Improvements.

(b) Diversity of Property Ownership. There are currently three assessable lots, tracts and parcels in the District, each of which are under separate ownership. The property in the District is largely unoccupied, though a portion of the property owned by McHugh Land & Livestock is currently used for gravel extraction, a portion of the property owned by the Smiths has located on it a sand and gravel business and a single-family dwelling, and the property owned by Yuhas is preliminarily platted and is expected to be subdivided into approximately 93 single-family lots and 22 townhouse lots and developed as a residential subdivision. The ownership of the properties within the District's boundaries taken from the County's property ownership records on April 10, 2006 is shown on Exhibit C.



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(c) Comparison of Special Assessments and Market Value. The County has compared the estimated actual market value of each lot, tract, and parcel in the District after the Improvements are made to the amount of the proposed special assessments against each lot, tract, and parcel in the District. The estimated actual market value of each lot, tract, and parcel in the District after the Improvements are made is believed to be in excess of the proposed special assessments against each lot, tract, and parcel in the District.

(d) Outstanding Special Assessments. As shown on the attached Exhibit C, as of the date of this resolution, the amount of assessments against properties in the District is fairly low compared to the market value of the properties.

(e) Delinquencies. Information showing delinquency information as of April 10, 2006 is shown in Exhibit C. None of the three parcels has tax delinquencies as of April 10, 2006.

(f) The Public Benefit of the Improvements. The District will permit the financing of improvements to McHugh Lane and installation of curb, gutter, drainage, and traffic improvements. The paving and improving of public roads in the County is of benefit to County residents as well as of special benefit to the District.

(g) Yuhases's Experience as a Developer. In addition to the current project contemplated by the Yuhases, the Yuhases have taken three major subdivisions through the Lewis and Clark County subdivision review process. The Golden Estates I, II, and III subdivisions were reviewed under the County subdivision regulations. Golden Estates II and III were final platted and lots transferred. The preliminary plat approval for Golden Estates I was allowed to expire. The County is not aware of any failure of the Yuhases to complete prior subdivisions once commenced.

(h) Contributions to Improvements. The Yuhases will be contributing to the Improvements by paying the costs of paving half the width of McHugh Lane fronting the Golden Estates III subdivision and a portion of Lot 2, Block 9 of the Skelton Second Addition. The improvements would be of the same character as the Improvements outlined above and are estimated to cost \$166,216.73.

(i) Other Factors.

(i) In consideration of the above factors, particularly the small number of property owners in the District and the degree to which the properties are undeveloped or underdeveloped, the County is depositing into the Reserve Account from proceeds of the Bonds the amount of \$29,250. The Reserve Account will be utilized to fund any debt service deficiencies related to this District before resorting to the Revolving Fund.

(ii) Two of the three property owners in the District have consistently indicated a desire that the Improvements be completed and their properties be included in the District.

(iii) Upon completion of the Improvements, it is expected the Improvements and certain property in the District will be annexed into the City and the City will maintain the Improvements.



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Section 10. Reimbursement Expenditures.

10.1. 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 County for project expenditures paid by the County prior to the date of issuance of such bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the "Regulations") require that the County 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.

10.2. Prior Expenditures. Other than (i) expenditures to be paid or reimbursed from sources other than the Bonds, (ii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iii) 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 County before the date 60 days before the date of adoption of this resolution.

10.3. Declaration of Intent. The County 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 \$585,000.00 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.

10.4. Budgetary Matters. As of the date hereof, there are no County 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 County's budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof.

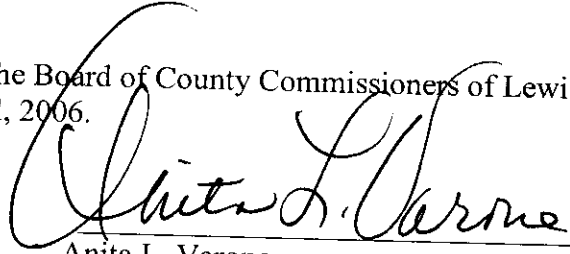
10.5. Reimbursement Allocations. The County Treasurer shall be responsible for making the "reimbursement allocations" described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the Bonds to reimburse the source of temporary financing used by the County to make prior payment of the costs of the Improvements. Each allocation shall be evidenced by an entry on the official books and records of the County 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 thirty (30) 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 County Clerk and Recorder until 5:00 p.m., M.T., on the expiration date of said 30-day period, May 23, 2006, written protest against the proposed Improvements, or against the extension or creation of the District or both. Such protest must be in writing, identify the property in the District owned by the protestor and be signed by all owners of the property. The protest must be delivered to the County Clerk and Recorder, who shall endorse thereon the date of its receipt by him or her. This Board will at its next regular meeting after the expiration of the thirty (30) 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 Tuesday, the 30th day of May, 2006 at 9:00 a.m., in Room 330, of the City-County Building, 316 North Park Avenue, in Helena, Montana.

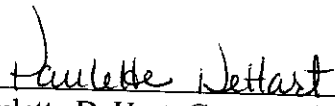
Section 12. Notice of Passage of Resolution of Intention. The County Clerk and Recorder is hereby authorized and directed to publish or cause to be published a copy of a notice of the passage of this resolution in the *Helena Independent Record*, a newspaper of general circulation in the County on April 23, 2006 and April 30, 2006, 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 Board of County Commissioners of Lewis and Clark County, Montana, this 18th day of April, 2006.



Anita L. Varone
Chair of the Board of County Commissioners

Attest:


Paulette DeHart, County Clerk and Recorder

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EXHIBIT B

Legal Description

Beginning at the southeast corner of Tract G of Certificate of Survey No. 555818/E, being the point of beginning; thence west along the lot line a distance of 1,290.12 feet to the southwest corner of Tract G; thence north along the lot line a distance of 1,436.38 feet to the southwest corner of the lot shown on Certificate of Survey No. 480366/E; thence north along lot line of the lot shown on Certificate of Survey No. 480366/E a distance of 675.53 feet to the northwest corner of the lot; thence east along the lot line a distance of 1,340.12 feet to a point on the centerline of McHugh Lane; thence south along the centerline of McHugh Lane a distance of 245 feet to a point; thence east a distance of 50 feet to the northwest corner of the lot described in Book M24, Page 1445 and Book M16, Page 1965; thence east along the lot line a distance of 1,287.60 feet to the northeast corner of the lot; thence south along the lot line a distance of 1,093.55 feet to the southeast corner of the lot; thence west along the lot line a distance of 1,282.21 feet to the southwest corner of the lot; thence west a distance of 50 feet to a point on the centerline of McHugh Lane; thence south along the centerline of McHugh Lane a distance of 385 feet to a point; thence west to a point on the east lot line of Tract G of Certificate of Survey No. 555818/E; thence south along the lot line to the southeast corner of Tract G of Certificate of Survey No. 555818/E, being the point of beginning.

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EXHIBIT C

Property Owners in District

EXHIBIT "C"

GEOCODE	PROPERTY ADDRESS	PROPERTY OWNER NAME	LEGAL DESCRIPTION	DELINQUENT AMOUNT	OUTSTANDING SPECIAL ASSESSMENTS *	MARKET VALUE FOR TAX PURPOSES	TOTAL LOT AREA (SQ FT)	ASSESSABLE LOT AREA (SQ FT)	EST TOTAL PRINCIPAL ASSESSMENT
188818101010000	3853 MCHUGH LN	YUHAS M LAVERNE	SWANNEA LESS GOLDEN ESTATES III LTS 1-12 & 32-42	\$0.00	\$122.90	\$46,739.00	1,404.126	1,404.126	\$226,591.63
188818201050000	3734 MCHUGH LN	SMITH LARRY KIM & DARLA K	TR IN SENW VALLEY SAND & GRAVEL	\$0.00	\$418.83	\$210,320.00	871.493	871.493	\$140,637.68
188818301800000	ADDRESS NOT ASSIGNED	MCHUGH LAND & LIVESTOCK CO	MCHUGH MINOR NO 2 TR G COS #656818/E	\$0.00	\$43.72	\$51,044.00	1,851.118	1,349.465	\$217,770.69

Information transferred from Department of Revenue Records
April 10, 2006

* Represents the sum of the following assessments: Forestvale Cemetery, West Helena Valley Fire, Scratchgravel Landfill, Helena Valley Mosquito Control, Water Quality district, Soil Conservation

Total Assessable area 3,625,084
Estimated Costs \$585,000.00
Assessment per square foot \$0.16137557