

MONTANA STATE UNIVERSITY

RESOLUTION RELATING TO THE REMARKETING AND RESTRUCTURING
OF OUTSTANDING STATE OF MONTANA
THE BOARD OF REGENTS OF HIGHER EDUCATION
MONTANA STATE UNIVERSITY
FACILITIES IMPROVEMENT REVENUE BONDS
SERIES J 2005

A RESOLUTION OF THE BOARD OF REGENTS OF HIGHER EDUCATION FOR THE STATE OF MONTANA CONCERNING THE REMARKETING AND RESTRUCTURING OF OUTSTANDING STATE OF MONTANA, THE BOARD OF REGENTS OF HIGHER EDUCATION, MONTANA STATE UNIVERSITY, FACILITIES IMPROVEMENT REVENUE BONDS, SERIES J 2005; DELEGATING TO MONTANA STATE UNIVERSITY AND THE COMMISSIONER OF HIGHER EDUCATION THE POWER AND AUTHORITY TO MAKE CERTAIN DETERMINATIONS IN CONNECTION THEREWITH; AUTHORIZING AND DIRECTING MODIFICATIONS TO THE SERIES J 2005 EIGHTH SUPPLEMENTAL INDENTURE OF TRUST AS NECESSARY TO INCLUDE PROVISION FOR AN ADDITIONAL INTEREST RATE MODE, AS WELL AS OTHER RELATED ACTIONS AND DOCUMENTS; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE AND REPEALING ANY INCONSISTENT ACTIONS HERETOFORE TAKEN BY THE BOARD OF REGENTS OR MONTANA STATE UNIVERSITY.

WHEREAS, under Article X, Section 9 of the Constitution of the State of Montana (the "State"), The Board of Regents of Higher Education for the State of Montana (the "Board") has been vested with the governance and control of, and has been granted full power, responsibility and authority to supervise, coordinate, manage and control, the Montana university system, including, but not limited to, the power to issue, sell, deliver, remarket and restructure revenue bonds to finance capital improvements, facilities and equipment for institutions of higher education within the Montana University System, including without limitation for the multi-campus university named Montana State University ("the University"); and

WHEREAS, in the exercise of its constitutional powers, the Board has heretofore issued the outstanding revenue bonds designated as the State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Improvement Revenue Bonds, Series J 2005 (the "Series J 2005 Bonds"); and

WHEREAS, the Series J 2005 Bonds were issued, with multimodal interest rate provisions, pursuant to the Indenture of Trust dated as of October 15, 1993 between the Board and U.S. Bank National Association, as Trustee, as then amended and supplemented, including the Eighth Supplemental Indenture of Trust dated as of July 1, 2005 (the "Original Indenture"); and

WHEREAS, effective September 11, 2008, the Series J 2005 Bonds were converted to bear interest at a Daily Rate, with the Letter of Credit provided by Wachovia Bank, National Association, serving as a Credit Facility and as a Liquidity Facility, all as authorized by the Board's Resolutions Nos. 138-2005-R0308 and 139-101-C0408, and pursuant to the Amended and Restated Eighth Supplemental Indenture of Trust dated as of September 1, 2008 (the Original Indenture, as then amended and supplemented, including such Amended and Restated Eighth Supplemental Indenture of Trust, being herein referred to as the "Indenture," and all capitalized terms not otherwise defined herein being as defined in the Indenture), and

WHEREAS, the Letter of Credit expires by its terms on September 11, 2010, which, unless the Letter of Credit is extended, will trigger a mandatory tender for purchase of the Series J 2005 Bonds, and various proposals have been and may in the future be made to the University with respect to the remarketing and restructuring of the Series J 2005 Bonds; and

WHEREAS, Wells Fargo Bank, National Association ("Wells Fargo"), successor to Wachovia Bank, National Association, has submitted to the University a proposal that, as an alternative to extension or replacement of the Letter of Credit, all of the outstanding Series J 2005 Bonds be purchased directly by Wells Fargo through the mandatory tender for purchase provisions of the Indenture, and be converted to bear interest in an indexed floater mode to be added to the Indenture, as generally described in Wells Fargo's term sheet dated May 11, 2010 (the "Direct Purchase Proposal"), which, if accepted, would require an amendment to the Indenture, as well as a covenant agreement and a bond purchase agreement between the Board and Wells Fargo and other ancillary actions and documentation; and

WHEREAS, in recognition of the foregoing, the Board has now determined and does hereby determine pursuant to this Resolution to provide approval, authorization and direction to the University and to the Commissioner of Higher Education (who is also Secretary to and for the Board; herein the "Commissioner") to take such actions with respect to the restructuring and remarketing of the Series J 2005 Bonds (not inconsistent with the provisions of this Resolution) as they shall determine to be in the best interests of, and of economic benefit to, the Board and the University, under then current conditions in the municipal bond and other credit markets (which actions may include, without limitation, amendments to the Indenture and entering into additional agreements and other documentation, as further provided herein).

NOW, THEREFORE, BE IT RESOLVED AND IT IS HEREBY RESOLVED BY THE BOARD OF REGENTS OF HIGHER EDUCATION FOR THE STATE OF MONTANA, AS FOLLOWS:

Section 1. Approval of Prior Actions. All action (not inconsistent with the provisions of this Resolution) heretofore taken by the Board and the University and directed toward the restructuring and remarketing of the Series J 2005 Bonds be, and the same are hereby, ratified, approved and confirmed.

Section 2. Exercise of Board's Constitutional Powers and Authority with respect to the Series J 2005 Bonds. Pursuant to Article X, Section 9 of the Constitution of the State of Montana, the Board hereby declares its intention to exercise its constitutional powers and authority to supervise, coordinate, manage, govern and control the Montana university system through the restructuring and remarketing of the Series J 2005 Bonds contemplated by this Resolution. The enactment of this Resolution and the authorizations and delegations hereby conferred upon the University and the Commissioner are intended to avoid and mitigate against higher current and future interest costs relating to the Series J 2005 Bonds which may result from possible events and conditions in the municipal bond and other credit markets which are beyond the control of the Board and the University, and in order to provide for the flexibility to benefit from potential interest cost savings opportunities.

Section 3. Authorizations and Delegations Pertaining to the Remarketing and Restructuring of the Series J 2005 Bonds. The Board hereby authorizes and directs the University and the Commissioner to take all actions (not inconsistent with the express provisions of this Resolution) necessary or desirable in connection with remarketing and restructuring of the Series J 2005 Bonds or otherwise addressing the September 11, 2010 expiration of the

Letter of Credit, including, without limitation: (a) determining which of the available proposals for the remarketing and restructuring of the Series J 2005 Bonds, including, without limitation, direct purchase, extension or replacement of the Letter of Credit, or other provisions for credit or liquidity support, is in the best interests of, and of economic benefit to, the Board and the University; and (b) taking all actions and entering into all agreements, instruments, certifications and other documents necessary or desirable to consummate the selected remarketing and restructuring transactions. Without limiting the generality of the foregoing, if the University and the Commissioner determine that it is in the best interests of, and of economic benefit to, the Board and the University to accept the Direct Purchase Proposal, the Board hereby authorizes and directs the preparation, negotiation, execution and delivery of (i) amendments to the Indenture as necessary or desirable to provide for the Series J 2005 Bonds to bear interest in an indexed floater mode as generally described in the Direct Purchase Proposal, (ii) a covenant agreement between the Board and Wells Fargo setting forth terms and conditions deemed reasonable and necessary by the Commissioner and the University, (iii) a bond purchase agreement between the Board and Wells Fargo relating to the purchase and conversion of the Series J 2005 Bonds to the indexed floater mode; and (iv) all other agreements, certifications and other documents necessary or desirable in connection with the Direct Purchase Proposal. The powers and authority delegated to the University and the Commissioner by this Resolution are in addition to the powers and authority delegated pursuant to the Board's Resolutions Nos. 138-2005-R0308 and 139-101-C0408, and such powers and authority are to be exercised in a manner consistent with this Resolution and in furtherance of the best interests and economic benefit of the Board and the University.

Section 4. Approval and Execution of Documents. Any and all agreements, certifications and other documents authorized or directed by this Resolution are to be approved, executed and delivered by the Chairman, Vice Chairman or Secretary of the Board, by the President or the Vice President for Administration and Finance of the University, and by the Commissioner or the Deputy Commissioner, and such execution and delivery thereof shall constitute conclusive evidence of the approval of the form, terms and provisions thereof by, for and on behalf of the Board, the Commissioner and the University.

Section 5. Resolution Irrepealable. Upon effectuation of the remarketing or restructuring of the Series J 2005 Bonds contemplated by this Resolution, this Resolution shall become and shall remain irrepealable until the Series J 2005 Bonds and the interest thereon shall have been fully paid, canceled and discharged as provided in the Indenture.

Section 7. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 8. Repealer. The Board's Resolutions Nos. 138-2005-R0308 and 139-101-C0408 are hereby superseded only to the extent of any inconsistency with this Resolution, and otherwise are hereby ratified and confirmed and remain in full force and effect. All other bylaws, orders and resolutions of the Board, or parts thereof, inconsistent herewith are hereby repealed only to the extent of such inconsistency; but this sentence shall not be construed as reviving any bylaw, order or resolution or part thereof.

Section 9. Effective Date. This Resolution shall be in full force and effect immediately upon its passage, adoption and approval.

PASSED, ADOPTED AND APPROVED this 24th day of June, 2010.

THE BOARD OF REGENTS OF
HIGHER EDUCATION for the State
of Montana

By: _____
Chairman

(SEAL)

ATTEST:

By: _____
Secretary