

ITEM 149-1001-C1010

The Series K 2010 (Taxable & Tax Exempt) Refunding Revenue Bonds

The University of Montana

THAT

Consistent with MCA 20-25-402 (Borrowing by the Regents), the Board of Regents of the Montana University System authorizes The University of Montana to proceed with the issuance of the Series K 2010 (Taxable and Tax Exempt) Refunding Revenue Bonds and adopts the Bond Resolution for the Series K 2010 (Taxable & Tax Exempt) Refunding Revenue Bonds.

EXPLANATION

The Series E 1998 Bonds	Outstanding balance: \$5,760,000	Payable through: 2021
The Series F 1999 Bonds	Outstanding balance: \$56,535,000	Payable through : 2024

The Series 1998E and Series 1999F Bonds issued on behalf of The University of Montana are excellent candidates for a refunding to achieve future debt service savings. Although both series of bonds were issued at low interest rates, current market interest rates have fallen to historically low levels allowing for savings. In order to take advantage of these low interest rates, which are extremely volatile, The University of Montana must expedite the issuance of the refunding bonds.

The Series K 2010 Refunding Bonds will consist of a portion issued as fixed rate tax-exempt debt with the balance as fixed rate taxable debt. The Series 2010K Bonds will be issued for a total of approximately \$65,000,000 including Costs of Issuance. The Series K 2010 Refunding (tax exempt) Bonds refunding the Series 1998E debt are estimated to bear an interest rate at an average of 2.45% resulting in an estimated net present value savings of \$620,000. The Series K 2010 Refunding (taxable) Bonds refunding the Series 1999F debt are estimated to bear an interest rate at an average of 4.37% resulting in an estimated net present value savings of \$4,071,000. The University of Montana will only issue the debt if the present value savings is at least 3%, the standard established for a cost beneficial refunding.

ATTACHMENTS

Series K 2010 (Taxable & Tax Exempt) Revenue Bonds Resolution