

November 21 – 22, 2013

ITEM 161-1001-R1113

The Series M 2013 Revenue Bonds (Tax Exempt); 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 M 2013 Revenue Bonds in a principal amount of up to \$8.0 million and adopts the Bond Resolution for the Series M 2013 Bonds.

EXPLANATION

The issuance of the Series M 2013 Revenue Bonds provides a unique opportunity for the University to issue the bonds directly to a local bank within the structure of the existing indenture. This method of sale is an alternative to the traditional public offering method. A direct placement significantly reduces the cost of issuance and the preparation of materials for due diligence.

To ensure the best pricing on the bonds, the University issued a Request for Proposal (RFP) to five local banks. While all the banks offered competitive pricing, First Security Bank priced at the lowest rate of a 2.5% tax-exempt, fixed interest rate for 10 years with no penalty for pre-payment. The entire debt will be owned solely by the bank. The proposal includes bank closing costs not to exceed \$5k.

The Series M 2013 Revenue Bonds will fund a portion of the following projects which were previously approved by the Board of Regents:

<u>Campus Project</u>	<u>Project Budget</u>	<u>Series M 2013 Funding</u>
<u>University of Montana-Tech</u>		
Renovate Restrooms-Prospector Residence Hall	1,246,913	1,246,913
<u>University of Montana-Missoula</u>		
Technology Modular Units	2,600,000	1,870,791
Gilkey Executive Education Center	9,300,000	1,490,000
Adams Center Basement	500,000	100,000
ISB Finish Out	3,152,526	3,152,526
Total	16,799,439	7,860,230

Funding for the approximately \$8.9 million balance required to complete the projects is currently in place.

ATTACHMENTS

Series M 2013 Revenue Bonds Resolution
Series M 2013 Indenture