



Montana Board of Regents MINUTES

Conference Call Meeting

June 24, 2010

The board convened at 11:30 AM.

Roll call indicated a quorum present.

Regents Present: Steve Barrett, Chair, Clayton Christian, Vice Chair, Lynn Hamilton, Janine Pease, Todd Buchanan and Angela McLean all by phone. Regent Rob Barnosky, and Commissioner of Higher Education Sheila Stearns, *ex officio*, were present in person, Governor Brian Schweitzer, *ex officio*, was represented by Dan Villa by phone, and Superintendent Denise Juneau, *ex officio*, was excused.

Sites represented by phone were: Office of the Commissioner of Higher Education (OCHE), UM-Missoula, MSU-Bozeman, MSU-Billings, MSU-Northern, and the Office of the Governor.

CONSENT

Professor Emeritus of Economics: Young; MSU-Bozeman ITEM 147-2002-0610

Chairman Clay Christian moved approval of ITEM 147-2002-0610. Motion passed 7-0.

ACTION

Authorization to Amend Bond Indenture; MSU-Bozeman ITEM 147-2001-C0610

Deputy Commissioner Mick Robinson indicated that the commissioner's office recommended approval of this item which deals with the variable rate and a letter of credit that expires October 2010.

Laura Humberger, MSU Assistant Vice President of Financial Services, explained that MSU has a letter of credit and they now need to amend the bond indenture to allow a direct purchase option. She gave a brief history of the variable rate debt which was originally issued for renovation and construction projects on the MSU-Bozeman campus. Ms. Humberger said the board approved a letter of credit two years ago and the letter of credit expires in September of 2010. Ms. Humberger provided an overview of the direct purchase option referenced in the item. She told the board MSU will manage the variable rate debt, but in the confines of their approval. She added that their bond council recommended having more specific authority related to this transaction.

Steve Clark, MSU financial advisor, explained there will be no additional cost as compared to the former letter of credit and assured the board there is less risk involved.



MONTANA UNIVERSITY SYSTEM

Mr. Clark said the only remaining risk is the counter-party risk, which would only occur if the Deutsche Bank becomes insolvent.

Mr. Robinson explained that in terms of the swap and minimizing the risk, this instrument gives the best option and said if a possibility would arise to convert to a fixed rate debt at a lower rate, then the campus would take advantageous of that. He said the only expansion of the item is to change the indenture allowing the direct purchase option.

Regent Angela McLean moved approval of Item 147-2001-C0710. Motion approved 7-0.

Dan Villa, governor's office, announced the appointment of Teresa Snyder as the new student regent. Her term will begin July 1, 2010. Mr. Villa also announced three new appointments to the Western Interstate Commissioner for Higher Education (WICHE), Clayton Christian, Commissioner Sheila Stearns, and Senator Kim Gillan.

The meeting adjourned at 12:00 PM.

Posted on

Approved by the Board of Regents on

Date

Date

Sheila M. Stearns
Commissioner of Higher Education
and Secretary to the Board of Regents

Clayton Christian
Chair, Board of Regents