

**MONTANA STATE UNIVERSITY**

**BOND RESOLUTION**

**FOR NOT TO EXCEED**

**\$28,000,000**

**STATE OF MONTANA**

**THE BOARD OF REGENTS OF HIGHER EDUCATION**

**MONTANA STATE UNIVERSITY**

**FACILITIES REFUNDING REVENUE BONDS,**

**SERIES O 2012 (TAXABLE)**

A RESOLUTION AUTHORIZING, APPROVING AND PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$28,000,000 AGGREGATE PRINCIPAL AMOUNT OF STATE OF MONTANA, THE BOARD OF REGENTS OF HIGHER EDUCATION, MONTANA STATE UNIVERSITY, FACILITIES REFUNDING REVENUE BONDS, SERIES O 2012, FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF CERTAIN OUTSTANDING REVENUE BONDS OF THE BOARD HERETOFORE ISSUED FOR MONTANA STATE UNIVERSITY, PAYING COSTS OF ISSUANCE OF THE SERIES O 2012 BONDS AND FUNDING A DEBT SERVICE RESERVE (IF REQUIRED) FOR THE SERIES O 2012 BONDS; AUTHORIZING, APPROVING AND DIRECTING THE PREPARATION, EXECUTION AND DELIVERY BY THE BOARD OF A SUPPLEMENTAL INDENTURE OF TRUST, CLOSING DOCUMENTS AND CERTIFICATES, AND THE SERIES O 2012 BONDS IN CONNECTION THEREWITH; AUTHORIZING THE PREPARATION AND EXECUTION OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND AN ESCROW AGREEMENT IN CONNECTION THEREWITH; AUTHORIZING THE PREPARATION, DISTRIBUTION AND USE OF A PRELIMINARY OFFICIAL STATEMENT TO BE USED IN CONNECTION WITH THE OFFERING AND SALE OF THE SERIES O 2012 BONDS AND APPROVING AND DIRECTING THE DISTRIBUTION AND USE OF A FINAL OFFICIAL STATEMENT IN CONNECTION THEREWITH; MAKING DETERMINATIONS AS TO OTHER MATTERS RELATED TO SUCH FINANCING AND THE ISSUANCE OF THE SERIES O 2012 BONDS; AND REPEALING ACTION HERETOFORE TAKEN IN CONFLICT HEREWITH.

WHEREAS, The Board of Regents of Higher Education for the State of Montana (the "Board" or the "Board of Regents") 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 under Article X, Section 9 of the Constitution of the State of Montana, including, but not limited to, the power to issue, sell and deliver revenue bonds to refund and defease bonds issued by the Board for institutions of the Montana university system; and

WHEREAS, the Board has determined, and does hereby determine pursuant to this resolution (the "Resolution"), to authorize the issuance and sale of revenue bonds designated as "State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Revenue Refunding Bonds, Series O 2012 (Taxable)," which may include subseries (the "Series O 2012 Bonds"), in the aggregate principal amount not to exceed \$28,000,000, for the purpose of refunding all or a portion of certain outstanding revenue bonds of the Board heretofore issued by the Board for Montana State University (the "University"), paying costs and expenses in connection with the

issuance of the Series O 2012 Bonds (which may include costs relating to bond insurance or other credit enhancements, if determined to be in the best interests of the University) and funding a debt service reserve (if determined to be in the best interests of the University) for the Series O 2012 Bonds; and

WHEREAS, in connection with the proposed issuance of the Series O 2012 Bonds, there will be prepared (1) a Series O 2012 Supplemental Indenture of Trust (the "Supplemental Indenture"), supplementing and amending the Restated and Supplemental Indenture of Trust, dated as of October 15, 1993, as amended and supplemented (collectively with the Supplemental Indenture, the "Indenture"), between the Board and U.S. Bank National Association, as trustee (the "Trustee"), and providing for the issuance of the Series O 2012 Bonds, (2) a Bond Purchase Agreement (the "Bond Purchase Agreement") between the Board and Wells Fargo Bank, National Association (the "Underwriter"), as the underwriter of the Series O 2012 Bonds, (3) if necessary, an Escrow Agreement (the "Escrow Agreement") between the Board and U.S. Bank, National Association, as escrow agent (in such capacity, the "Escrow Agent"), relating to the use of Series O 2012 Bond proceeds and other moneys to refund certain outstanding revenue bonds heretofore issued by the Board for the University, (4) a Continuing Disclosure Agreement among the Board, the University and U.S. Bank National Association, as dissemination agent (the "Continuing Disclosure Agreement") and (4) a Preliminary Official Statement (the "Preliminary Official Statement") and a final Official Statement (the "Final Official Statement") for use by the Underwriter in connection with the offering and sale of the Series O 2012 Bonds; and

WHEREAS, the Board has determined to approve the issuance, sale and delivery of the Series O 2012 Bonds by the adoption of this Resolution, and to delegate authority to the Chair of the Board (the "Chair"), the Vice President for Administration and Finance of the University, and Counsel to the Board to approve the forms of, and the terms and provisions of the Supplemental Indenture, the Bond Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Agreement, the Preliminary Official Statement, and the Final Official Statement; and the Board has determined to authorize the use and distribution of the Preliminary Official Statement in connection with the offer and sale of the Series O 2012 Bonds and to authorize and direct the preparation, distribution and use of the Final Official Statement in the manner provided for herein;

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

Section 1. Approval of Prior Action. All action (not inconsistent with the provisions of this Resolution) heretofore taken by the Board or the University in connection with the issuance, sale and delivery of the Series O 2012 Bonds is hereby, ratified, approved and confirmed.

Section 2. Exercise of Powers to Issue Bonds; Authorization of Series O 2012 Bonds. (a) Pursuant to its authority under Article X, Section 9 of the Constitution of the State of Montana, the Board does hereby declare its intention to exercise its constitutional powers and authority to supervise, coordinate, manage, govern and control the Montana university system through the issuance, sale and delivery of revenue bonds, and does hereby authorize the issuance of a series of revenue bonds of the Board designated as "State of Montana, The Board of Regents of Higher

Education, Montana State University, Facilities Improvement Revenue Bonds, Series O 2012," which may include subseries, for the purpose of refunding all or a portion (as determined by the University to be in the best interests of the University) of its outstanding State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Improvement Revenue Bonds, Series I 2004" (the "Refunded Bonds"), paying costs and expenses in connection with the issuance of the Series O 2012 Bonds (which may include costs relating to bond insurance or other credit enhancements, if determined to be in the best interests of the University) and funding a debt service reserve (if determined to be in the best interests of the University) for the Series O 2012 Bonds.

(b) The Series O 2012 Bonds shall be issued as fully-registered bonds in denominations of \$5,000 or any integral multiple thereof, shall be dated as provided in the Indenture, shall bear interest from their date at the rates and shall mature on the dates and in the principal amounts as shall be set forth in the Indenture, provided that (i) the aggregate principal amount of the Series O 2012 Bonds shall not exceed \$28,000,000, (ii) the maturity date or dates of the Series O 2012 Bonds shall not extend beyond November 15, 2025, (iii) the all-in true interest rate payable on Series O 2012 Bonds shall not exceed 3.5% per annum, and (iv) the issuance of the Series O 2012 Bonds shall provide net present value savings of at least 3.0% of the principal amount of the Refunded Bonds.

(c) The Series O 2012 Bonds shall be payable, shall be subject to redemption prior to maturity and shall be in substantially the form provided in the Indenture.

(d) The Series O 2012 Bonds may be combined for offering with the previously authorized State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Revenue Refunding Bonds, Series N 2012 (the "Series N Bonds"), which may be issued for the purpose of refunding all or a portion (as determined by the University to be in the best interests of the University) of its outstanding State of Montana, The Board of Regents of Higher Education, Montana State University, Facilities Improvement Revenue Bonds, Series H 2004. Should the Series O 2012 Bonds hereby authorized be issued prior to the issuance of the previously authorized Series N 2012 Bonds, the series designations may be reversed so the first series to be issued is designated the Series N 2012 Bonds.

Section 3. Approval of Supplemental Indenture. The Board hereby authorizes the execution and delivery of the Supplemental Indenture in substantially the form used in connection with the State of Montana, The Board of Regents of Higher Education, Montana State University Facilities Improvement Revenue Bonds, Series M 2011 (the "Series M 2011 Bonds"), but with such changes as shall be consistent with the terms and provisions of this Resolution and as the Chair, the University, the Underwriter, bond counsel to the Board and the University ("Bond Counsel") and Counsel to the Board shall approve, the execution and delivery thereof by the Chair to constitute conclusive evidence of the approval of the form, terms and provisions of the Supplemental Indenture for and on behalf of the Board. The Chair is hereby authorized to execute and deliver the Supplemental Indenture, and the Commissioner of Higher Education and Secretary to the Board of Regents (the "Commissioner/Secretary") is authorized to attest and to place the seal of the Board upon the Supplemental Indenture.

Section 4. Approval of Escrow Agreement. In order to provide for the payment and discharge of the Refunded Bonds and if deemed necessary by the University, the Board hereby authorizes the execution and delivery of the Escrow Agreement, in substantially the form used in connection with the prior revenue refunding bonds issued by the Board, but with such changes as shall be consistent with the terms and provisions of this Resolution and as the Chair, the University, the Underwriter, Bond Counsel and Counsel to the Board shall approve, the execution and delivery thereof by the Chair to constitute conclusive evidence of the approval of the form, terms and provisions of the Escrow Agreement for and on behalf of the Board. The Chair is hereby authorized to execute and deliver the Escrow Agreement, and the Commissioner/Secretary is authorized to attest and to place the seal of the Board upon the Escrow Agreement.

Section 5. Approval of Bond Purchase Agreement. The Board hereby authorizes the execution and delivery of the Bond Purchase Agreement, in substantially the form used in connection with the Series M 2011 Bonds, but with such changes as shall be consistent with the terms and provisions of this Resolution and as the Chair, the University, the Underwriter, Bond Counsel and Counsel to the Board shall approve, the execution and delivery thereof by the Chair to constitute conclusive evidence of the approval of the form, terms and provisions of the Bond Purchase Agreement for and on behalf of the Board. The Chair is hereby authorized to execute and deliver the Bond Purchase Agreement, and the Commissioner/Secretary is authorized to attest and to place the seal of the Board upon the Bond Purchase Agreement.

Section 6. Approval of Continuing Disclosure Agreement. The Board hereby authorizes the execution and delivery of the Continuing Disclosure Agreement, in substantially the form used in connection with the Series M 2011 Bonds, but with such changes as shall be consistent with the terms and provisions of this Resolution and as the Chair, the University, the Underwriter, Bond Counsel and Counsel to the Board shall approve, the execution and delivery thereof by the Chair and the Vice President for Administration and Finance of the University to constitute conclusive evidence of the approval of the form, terms and provisions of the Continuing Disclosure Agreement for and on behalf of the Board and the University, respectively. The Chair and the Vice President for Administration and Finance of the University are hereby authorized to execute and deliver the Continuing Disclosure Agreement.

Section 7. Approval and Use of Preliminary Official Statement and Final Official Statement. The Board hereby authorizes the preparation of the Preliminary Official Statement, in substantially the form used in connection with the Series M 2011 Bonds, but with such changes as shall be necessary to provide updated financial and operating information with respect to the University and consistent with the terms and provisions of this Resolution and as the Chair, the University, the Underwriter, Bond Counsel and Counsel to the Board shall approve, the approval by the Chair or the Vice President for Administration and Finance of the University to constitute conclusive evidence of the approval of the form and provisions of the Preliminary Official Statement for and on behalf of the Board and the University. The Vice President for Administration and Finance of the University is further authorized to deem the Preliminary Official Statement final for purposes of complying with Securities and Exchange Commission Rule 15c2-12. The Underwriter is hereby authorized and directed to use and distribute the Preliminary Official Statement in connection with the offering and sale of the Series O 2012 Bonds. The Preliminary Official Statement, when supplemented and

completed to include the maturity dates, principal amounts and interest rates of the Series O 2012 Bonds, together with any other information required or permitted by law, shall constitute the Final Official Statement of the Board and the University with respect to the Series O 2012 Bonds, and the Chair and the Vice President for Administration and Finance of the University are hereby authorized to approve and execute the Final Official Statement upon completion of such information and to deliver or cause to be delivered the Final Official Statement to the Underwriter.

Section 8. Approval of Series O 2012 Bonds and Execution. The execution and delivery by the Board of the Series O 2012 Bonds, in the form contained in the Indenture, is hereby authorized. The Chair is hereby authorized and directed to execute the Series O 2012 Bonds, and the Commissioner/Secretary is hereby authorized and directed to attest such signature, and the seal of the Board is hereby authorized and directed to be affixed to the Series O 2012 Bonds.

Section 9. Order for Authentication. The Series O 2012 Bonds, when executed by the Chair and Commissioner/Secretary, shall be delivered to the Trustee for authentication, accompanied by a written order of the Board executed by its Chair and directing the authentication and delivery of the Series O 2012 Bonds by the Trustee. Upon receipt of such written order, the Trustee shall authenticate and register the Series O 2012 Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and shall deliver the Series O 2012 Bonds, when duly executed and authenticated, to the Underwriter in accordance with the written instructions therefor executed on behalf of the Board by the Chair, which instructions the Chair is hereby authorized and directed, for and in the name and on behalf of the Board, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Series O 2012 Bonds in accordance with the provisions of the Bond Purchase Agreement, upon satisfaction of all conditions required for delivery of the Series O 2012 Bonds under this Resolution, the Bond Purchase Agreement and the Indenture.

Section 10. Authorization for Further Action. The members and officers of the Board and the University shall take all action in conformity with the constitution and laws of the State of Montana and this Resolution that shall be necessary or reasonably required in connection with the issuance of the Series O 2012 Bonds, including, without limitation, the execution and delivery of all closing documents, certificates and opinions authorized or required to be delivered in connection with the issuance, sale and delivery of the Series O 2012 Bonds and as shall be necessary or reasonably required in connection with any redemption of the Refunded Bonds. The Chair, the Vice President for Administration and Finance of the University and the Commissioner/Secretary are each designated as a Board Representative under the Indenture, and the Vice President for Administration and Finance of the University is also designated as University Representative under the Indenture. If (a) the Chair, (b) the Vice President for Administration and Finance of the University, or (c) the Commissioner/Secretary shall be unavailable to execute or seal or attest, respectively, the Series O 2012 Bonds or other documents that they are hereby authorized to execute, seal and attest, the same may be executed, or sealed and attested by, respectively, (i) the Vice Chair of the Board or other Regent, (ii) the Associate Vice President for Administration and Finance of the University, or (iii) any assistant to the Commissioner/Secretary or any Regent.

Section 11. Resolution Irrepealable. After any of the Series O 2012 Bonds are issued, this Resolution shall be and remain irrepealable until the Series O 2012 Bonds and the interest thereon shall have been fully paid, cancelled and discharged as provided in the Indenture.

Section 12. 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 13. Repealer. All bylaws, orders and resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order or resolution or part thereof.

Section 14. Effective Date. This Resolution shall be in full force and effect upon its passage and approval.

PASSED, ADOPTED AND APPROVED this \_\_\_\_\_ day of August 2012.

THE BOARD OF REGENTS OF HIGHER EDUCATION FOR  
THE STATE OF MONTANA

By \_\_\_\_\_  
Chair

[SEAL]

ATTEST:

\_\_\_\_\_  
Commissioner of Higher Education and  
Secretary to the Board of Regents